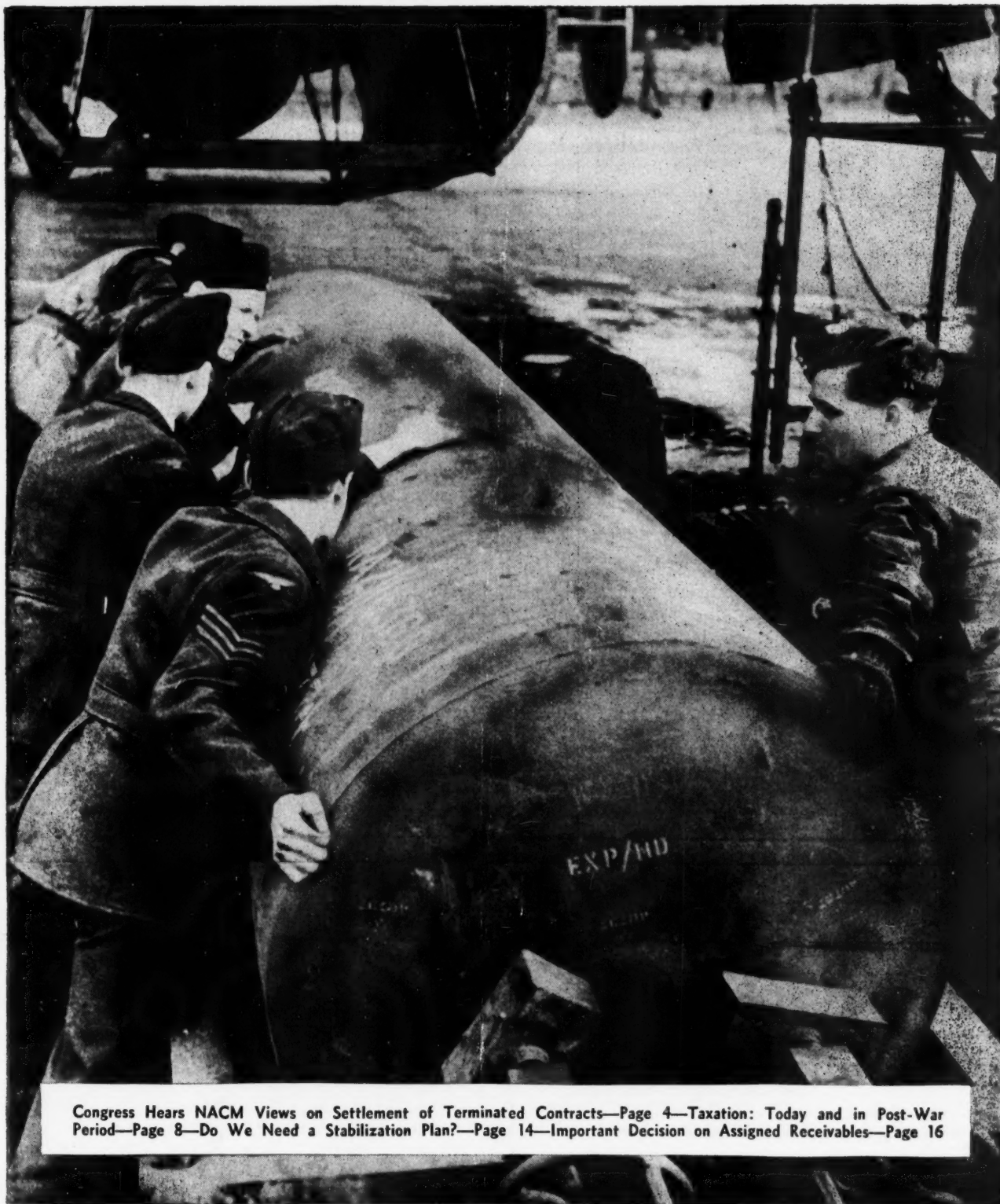


CREDIT

NOV 18 1943

and Financial Management

NOVEMBER, 1943



Congress Hears NACM Views on Settlement of Terminated Contracts—Page 4—Taxation: Today and in Post-War Period—Page 8—Do We Need a Stabilization Plan?—Page 14—Important Decision on Assigned Receivables—Page 16

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and Financial Management

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A Survey of Trends in Manufacturers' and Wholesalers' Activities

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Death and Taxes

Q When Benjamin Franklin wrote to his friend M. Leroy in Paris—
M “Nothing is certain but death and taxes”—he played a mean trick upon his fellow Americans. For ever since those early days of the American colonies we have been prone to take it for granted that Poor Richard’s phrase about death and taxes means that we can do nothing about either.

However, in the twenty-year span from 1920 to 1940 we have reduced the death rate in this country from 23.7 per cent to 17.9 per cent. A comparison with the death rate of the present with that of Franklin’s time would be even more startling.

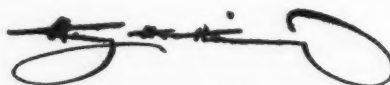
Everyone admits that our present taxation system is archaic, so why not do something about it? Scientific research and long study have brought amazing results in reducing our national death rate; why not turn our attention to the tax problem which means so much to the future of our nation and the happiness of our people?

Aside from the tremendous duplication, the complex job of determining our tax bills, the size of tax levies as against sound going values in real estate and the general inefficiency of our tax system, the real concern arises over the social consequences of our present tax laws.

Our tax problem is not a war problem, though war has tremendously accentuated it. It confronted us long before the war and while everybody has talked about it, no real representative group has ever done anything about it.

Our American people are rather well fed up on commissions, bureaus and committees, but they would welcome an organization that would do a scientific job on the tax problem. Some quasi-public body composed of every segment of our economic life and all forms of government must make a scientific study of our fiscal needs and the sound, economic means of supplying those needs, and recommend a tax system that will support and be consistent with the purposes of our type of government. A recommendation of that type of committee made after a scientific study should, and no doubt would, receive nationwide acceptance. It is a need that must be met at the earliest possible date.

The life or death of our representative form of government and the freedoms it provides largely depends upon the equity of our taxation program.



Henry H. Heimann



IF THE JAPS INVADED TOMORROW..

Suppose you picked up your newspaper some morning and found that the Japs, in a lightning raid on the Pacific Coast, had fired a California city—and burned thousands of people alive! Suppose that you learned that among them were 2,200 children less than nine years old—wouldn't your blood boil? Wouldn't you be roused to a higher pitch of fighting spirit than you have ever been?

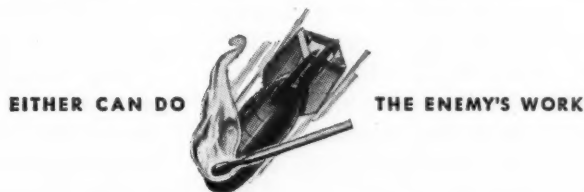
Yet—2,200 children under nine years of age *are* burned to death every year right here in the United States! But Carelessness, not the Japs, is the criminal.

And—it's a crime you can help stop.

Yes, you can help save thousands, tens of thousands of other lives . . . and help prevent damage to war plants, damage seriously retarding our war effort with losses that mere dollars cannot replace today. And, to make it more tragic, fire losses this year are about 16% above last year and are *rising* at an alarming rate.

That's why fire prevention, *always* important, is *extra* important this year. That's why, too, cutting down fire losses is the concern not only of every manufacturer and home owner, but of every citizen. And there is this final reason to make fire prevention your concern—over a period of time the smaller the losses the less the property owner will pay for his insurance protection.

So, now of all times, be *extra* careful about fires.



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Insurance Company
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FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

Make Every Week Fire Prevention Week

Industry Looks to Washington for Elimination of Uncertainties on War Contracts

Termination and Renegotiation Present Many Problems

C Developments during the past month have focussed the attention of industry on the several proposals being discussed in Washington for handling the Settlement of Terminated War Contracts. The report of the Subcommittee of the Ways and Means Committee of the House of Representatives on the question of revision of the Renegotiation Statute also has aroused the interest of officials in manufacturing companies which are engaged in war production.

As this issue of "Credit and Financial Management" goes to press the reports from Washington indicate that a new bill is now being written by Senator Murray's Subcommittee of the Military Affairs Committee of the Senate on handling Terminated War Contracts. Senator Murray's original bill, S 1268, and a bill proposed by the War Department, S 1280, may be discarded according to latest reports in favor of an en-

tirely new bill which covers the suggestions offered by organizations such as the National Association of Credit Men, the Committee for Economic Development, as well as the suggestions presented by the various Procurement Services.

On the matter of Renegotiation the latest hint from Washington is to the effect that a revision of the present statute may be delayed until it can be considered as a part of the new Federal Revenue Measure. The so-called Vinson Bill, which was reported on September 22nd and referred to the Ways and Means Committee of the House and later referred to a Subcommittee for further hearings and report, offers a number of amendments to the present Renegotiation Statute. These amendments are covered in another section of this article.

National Association of Credit Men Asks Congress for Law on Terminations

C After a thorough study of the matter of settlements of Terminated War Contracts, a special National Committee on October 19th filed with the Subcommittee of the Military Affairs Committee which has been studying this problem in Congress a statement setting forth the opinion of the National Association of Credit Men on this subject which will so vitally affect credit and financial interests. The statement issued by the special committee urged Congress to enact special legislation to recognize the validity of Negotiated Settlements of Terminated Contracts and to empower the various Procurement Services with vital authority for such negotiation, approval and payment.

The declaration, as filed by the Association's special committee, opposes very strongly the use of the Comptroller General's office as a final check on negotiated settlements.

Congress was asked to require a

standardized termination procedure from all of the Procurement Agencies to be issued at once so that contractors and subcontractors may know what will be required when presenting their claims to the Government after termination.

For Partial Payments

THE Association declared in favor of a plan for making partial or installment settlements rather than requiring that all of the details of the entire contract be agreed upon before a settlement could be concluded.

The declaration of the credit men opposed the proposal that claims of subcontractors and material suppliers should be assumed by the Government. Such a plan it was declared would only cause delay in settlement.

A Board of Appeals was requested as a means of handling settlements where an agreement cannot be reached between contractors and the Procurement Agencies.

The text of the declaration by the National Association of Credit Men follows:

Because of disturbing developments during the past six months arising from the Termination of a large number of War Production Contracts by the various Procurement agencies, we urge our Association's officers and directors to present to the proper Government officials and Members of Congress the need for immediate legislation to clarify uncertainties as to how settlements will be made on Terminated War Production Contracts.

Five Points on Recommendation

OUR recommendations for such legislation is as follows:

(1) Because of confusion in the minds of various Government officials, Procurement Officers and especially in the minds of many prime contractors, it is urgently recommended that Congress, by special

legislation recognize the validity of negotiated settlements of Terminated Contracts made by any of the several Procurement Services and empower these various Services with final authority to negotiate, approve and voucher for payment the settlement of such Contracts, when Terminated for the convenience of the Government.

We believe:

(a) That such legislation would assure a more speedy settlement of Terminated Contracts.

(b) The Procurement Services and their Contracting Agents have direct knowledge and experience as to the requirements of each contract under their charge. That to transfer the authority for settlement to any outside board or commission or to provide for a final sanction by the Comptroller General's Office would delay settlements and retard the return of industry to full employment in peacetime production.

(c) By continuing the Settlement of Terminated Contracts with the Procurement Services, through definite and authorizing legislation, the Congress would remove the uncertainty which now prevails and which has hampered a change-over into much-needed new forms of War Production.

(2) We urge that through enactment of legislation Congress specifically provide for standardization of Termination Procedure for all of the Procurement Services to the maximum extent possible. It is our opinion that the broad principles of Termination Procedure can be agreed upon so as to apply to all Services.

Ask Termination Procedures

IT is recognized that one of the most certain means for speeding the settlement of Terminated Contracts is to have the officials of the Procurement Services and their contracting officers instructed in advance as to just what procedure to follow. It is therefore urged further that each of the Procurement Services prepare as soon as possible a Manual of Procedure for handling the settlement of Terminated Contracts. Such Procedure Manuals should be as complete and inclusive as possible at the present time but should provide for amendment as required.

We commend the War Department

President Paul Miller Appears Before House Ways and Means Committee to Present Views on Taxation

National President Paul W. Miller appeared before the House Ways and Means Committee on October 12th, during the hearing on the new Federal Tax Measure. President Miller presented the views that it was through a graduated Sales Tax that the Government must obtain the added revenue with which to prosecute the War. He advocated that the Sales Tax should be divided into three classes—necessities, semi-luxuries and luxuries. Word from Washington during the last days of October indicates that the Congressmen are seeking ways to economies in Government operations before deciding the form of the new tax bill.

for its forethought in issuing PR No. 15 and its supplementary Termination Accounting Manual. These documents have been very beneficial to Contractors, Subcontractors and Material Suppliers who are now engaged on War Department Contracts. So we strongly urge that similar Manuals be issued by the other Procurement Services.

(3) It is our belief that Procurement Services should be empowered and directed to certify and make prompt partial payments to Contractors upon Termination and that the Comptroller General be authorized and directed to honor such certification. We urge that the amount of such partial payments shall be made the first order of procedure by Contracting Officers at their initial conference with Contractors. We stress especially the important part such partial payments will play in enabling Contractors to make prompt settlements with their Subcontractors and Material Suppliers. We urge that the Congress recognize the authority of the Procurement Services through their Contracting officers to approve and make these prompt partial payments as soon as an estimate is presented by the Contractor as to the approximate amount the Government will be called upon to pay in settlement of a Terminated Contract.

Ask Installment Settlements

WE further urge in this connection that the Procurement Services and their Contracting Officers be empowered to expedite settlements by certifying installment payments from time to time as contractor's estimates are checked by the Contracting Officers. It is our considered opinion that certain phases of Terminated Contracts may be settled more rapidly than others and that it need not be necessary for the Contracting Officer to complete a settlement of the entire Terminated Contract before certifying payment of such agreed upon installments. We believe that such an installment procedure will speed the final settlement by enabling the Contractors to:

(a) Present his bills for all completed work, finished materials and finished units which have not been billed in order that he may receive payment promptly for this part of his claim.

(b) Determine the value of inventory items prepared for the purpose of the contract and what proposal he wishes to submit for their disposal; whether he will keep the inventory or carry it for the account of the Procurement Service with which he has a contract.

(c) Determine the cost of work in process and obtain prompt settlement for such items.

(d) Make settlement with his Subcontractors and Suppliers on a partial or installment basis in keeping with the provisions of paragraphs (a), (b) and (c) above.

Oppose Shunting Responsibility

(4) We are strongly opposed to the proposal that claims of Subcontractors and Material Suppliers shall be assumed by the Government. Such a plan would cause delays in all settlements by greatly augmenting the work of the Procurement Agencies who would have no knowledge of the contractual relations of the Prime Contractors with Subcontractors and Material Suppliers.

(5) While we believe that the Procurement Services are the ones to negotiate and approve settlements of terminated contracts, we urge that Congress, in special legislation as proposed above, should establish a Board of Appeals and also provide for voluntary arbitration to hear and decide upon differences of opinion between the Contractor and the Procurement Officer so that negotiated settlements will be facilitated. This legislation should also provide for appeal to the United States courts if the decision of the Board of Appeals or the Arbitration Tribunal is not considered equitable by either party.

Committee for Economic Development Issues Declaration of Policy on Termination

C On October 23rd, the Committee for Economic Development through its Research Committee, announced a statement of policy on the Settlement of Terminated War Contracts. This statement covers four main points which are for the most part in line with the pronouncement by the National Association of Credit Men.

The main difference is that the Committee for Economic Development would set up a Contract Settlement Board. Its recommendation on this point reads as follows:

"We recommend the creation by the Congress of a governmental board with broad powers to establish uniform and simplified policies for the guidance of the several war agencies in the settlement of terminated contracts."

In explaining this point the report states, however:

"As indicated above, the authority of the Contract Settlement Board should be limited to that of establishing policies and procedure while the actual administration should be left in the hands of the contracting agencies. Within such limits, broad legislative authority should be vested in the chairman to establish policies and procedures for the settlement of contracts.

"We are not proposing that the authority of the Contract Settlement Board extend beyond the area of contract settlement problems. Nevertheless, we recognize that the settlement of terminated contracts cannot

be considered in isolation from other related problems which will have an important bearing on our over-all national policies of post-war demobilization. Such problems will arise in connection with the manner and timing of terminating war contracts, and the disposition of manufacturing inventories and equipment."

Item 2 follows the declaration by NACM in delegating clear-cut authority to the contracting agencies to make final settlements with contractors. Such settlements would not be subject to review by the Office of the Comptroller General except in case of suspected fraud.

Item 3 follows the 5th item in the NACM declaration in establishing a clear and simple avenue to the courts for all contractors who are not satisfied with the settlements proposed by the Procurement Agency. Item 4 of the Committee for Economic Development's statement recommends mandatory laws to contractors and subcontractors. This is along the lines of the proposal 3 in NACM statement, although our proposal is for outright and advance payments rather than mandatory laws to contractors and subcontractors.

The statement by the Committee for Economic Development follows:

Declaration by Committee for Economic Development

THE Committee recognizes that the war agencies of the government are alive to the importance of the problem and are striving to pro-

vide a speedy and equitable method of settling terminated war contracts. Nevertheless, we believe it will not be possible for these agencies to find a satisfactory solution of the problem within the framework of existing legislation. None of the fundamentals outlined above can be achieved without new Congressional legislation.

It is, therefore, our conviction that prompt action by the Congress is urgently needed in order to supplement and simplify existing procedures for the settlement of terminated contracts in the following respects:

1. Contract Settlement Board

We recommend the creation by the Congress of a governmental board with broad powers to establish uniform and simplified policies for the guidance of the several war agencies in the settlement of terminated contracts. For the purposes of this discussion, the proposed board is referred to as "The Contract Settlement Board."

We believe that the Board should be composed of representatives of the several contracting war agencies with an independent chairman to be appointed by the President. All legislative authority conferred upon the Board should be vested in the chairman, with the other members serving in an advisory capacity to the chairman.

We suggest that the Board be required to make periodic reports (perhaps quarterly) to the Congress on the progress of contract settlements. The Congress and the American public are entitled to full information on the number and value of settled contracts, the volume of unsettled contracts with a statement of the elapsed time since termination of such unsettled contracts, the number of disputed claims carried to the courts, etc.

As indicated above, the authority of the Contract Settlement Board should be limited to that of establishing policies and procedures while the actual administration should be left in the hands of the contracting agencies. Within such limits, broad legislative authority should be vested in the chairman to establish policies and procedures for the settlement of contracts.

Without attempting to be too specific, we believe the Board should be

authorized to develop uniform and explicit manuals of procedure for the guidance of contracting officers and contractors. In addition to manuals, the Board should be empowered in its discretion to prepare and issue a uniform contract settlement formula. The need for such a formula and its possible effects are admittedly controversial. If issued, it should be provided merely as an alternative method of settlement available to contractors who are unable to reach a satisfactory agreement by negotiation. The provisions of such a formula should not be construed to limit or restrict the nature of a settlement which may be reached by negotiated agreement.

We believe that the Board, with proper legislative authority, could bring about a substantial degree of simplification in the settlement machinery. Again without attempting to be too specific or to delimit in advance the authority of the Board, the following possible improvements are suggested: Granting of authority to contracting officers to make partial payments in advance of verification of claims; instructing contracting officers to make payments for the undisputed portion of claims in the event of disputes carried to higher authority; simplification of audit procedure in order to permit one agency to audit all the claims of an individual contractor on behalf of all the war agencies concerned.

We are not proposing that the authority of the Contract Settlement Board extend beyond the area of contract settlement problems. Nevertheless, we recognize that the settlement of terminated contracts cannot be considered in isolation from other related problems which will have an important bearing on our over-all national policies of post-war demobilization. Such problems will arise in connection with the manner and timing of terminating war contracts, and the disposition of manufacturing inventories and equipment.

The Congress will undoubtedly give consideration to such problems in order to develop a satisfactory relationship between the functions of the proposed board and those of other agencies already in existence, or which may be created later to establish national policies for post-war demobilization.

II. Delegation of Authority to Contracting Agencies to Make Final Settlements

We recommend the delegation of clear-cut authority to the contracting agencies to make final settlements with contractors within the framework of policies and procedures established by the Contract Settlement Board. Such settlement should not be subject to review by the Office of the Comptroller General, except in case of suspected fraud.

Whatever may be the merits of the complicated system of audit and review by the Comptroller General in ordinary times of peace, we are convinced that the maintenance of this system will produce disastrous delays in settling contracts after the close of the war.

The possible financial risks to the government from a decentralized handling of settlements appear very small in relation to the certainty of intolerable delays which would be caused by a centralization of administrative authority.

We believe that a procedure which would limit the functions of the Office of the Comptroller General, in connection with the settlement of war contracts, to that of investigating suspected fraud will furnish adequate protection to the government and make possible a decentralization of administration which we see as the only hope of effecting speedy and equitable settlements. The need for strengthening the hand of the contracting officer by permitting him to reach final negotiated settlements is basic to all the recommendations contained herein.

III. Expansion of the Legal Machinery of the Federal Government

We recommend that the Congress enact legislation which will establish a clear and simple avenue to the courts for all contractors and provide adequate legal machinery for expeditious handling of such disputes.

We are convinced that the existing legal machinery for handling appeals in connection with contract settlement claims is inadequate for the situation which will be faced after the close of the war. We have pointed out already the length of time which was required to settle the limited number of cases which were

carried to the Court of Claims after the close of World War I. At the end of present hostilities we may be confronted with a much larger number of such cases which, under existing procedures, might take many decades to settle.

Since there are several different ways in which an expansion of existing legal machinery might be satisfactorily accomplished, we are making no specific recommendation in this connection. One method would be for the Congress to decentralize the present Court of Claims procedure by creating, for the period of the emergency, branch courts of claims in various parts of the country. Another method would be to expand the facilities of the Federal District Courts and permit disputed claims to be carried directly to those courts. We believe, however, that the choice of the best method for accomplishing the desired objective should be left to the wisdom of the Congress.

Our proposal is not intended to encourage the settlement of claims by means of litigation but merely to assure contractors of the right to a prompt and impartial hearing of appeals from settlements by contracting agencies. Also, it is not intended as a substitute for appeals procedure within each contracting agency. We favor the continuation and expansion of intra-departmental boards of appeals established to review disputes between contractors and contracting officers. Such boards should reduce substantially the volume of potential litigation.

IV. Mandatory Loans to Contractors and Sub-Contractors

We recommend that every contractor and sub-contractor be granted the right to obtain mandatory loans from the government in amounts equal to a substantial proportion of proper settlement claims. The right to obtain such loans should not be subject to verification of claims but should be based merely upon a certification of such claims by each individual contractor or sub-contractor.

The mandatory loans proposed herein should not be confused with advance and partial payments suggested earlier in this statement. We are convinced that all actual pay-

(Continued on Page 17)

Taxation—Yesterday, Today and Tomorrow

Business Looks at This Phase of Costs

I intend to project you into the future of taxation. I consider this a "must" for a group of credit men because plans being made now, if carried into effect, must necessarily have a tremendous effect on the future of your activities.

However, so that you may understand these developments, and realize that these proposals must be taken seriously and reckoned with in planning your future, let me go back only a few years to show you how fast we have progressed in the field of taxation during the past, say 8 years.

In 1936 individuals in this country were "staggering under the yoke" of an income tax law that provided for 4 per cent normal tax and 4 per cent minimum surtax, the surtax being imposed only after the first \$4,000 of surtax income. A married person received an exemption of \$2,500, and the earned income credit was allowed before normal tax was computed. If you want a dollar comparison with present-day taxation, line these rates up against the proposals made by the Treasury only last week—6 per cent normal tax, 21 per cent minimum surtax *to start on the first dollar of taxable income*, earned income credit eliminated and the exemption for married persons at \$1,100.

Change in Tax Approach

BUT, getting away from the dollar comparison, the comparison in terms of approach, purpose and outlook of taxation has changed even more radically. In the pre-1936 period the Treasury had one goal, that of obtaining revenue. Social objectives were left to other agencies of the Government. There were only two standards for the taxpayer to observe in solving a tax problem. If his action constituted an evasion of tax liability, the act was frowned upon. If he merely avoided tax liability there was no objection. The

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Director Tax Department, Research
Institute of America, New York City

clever tax avoider was looked upon with almost benevolent tolerance. The Bahama Corporation, the unincorporated pocketbook, were quite commonplace.

In 1936 we find the first indication of a new approach. Government economists decided that our national economy would be benefited if corporations could be induced to distribute a larger portion of their income to stockholders. The idea was then advanced that this might be done through taxation and the undistributed profits tax was born. The tax was an experiment which lasted in full force only two years, and its last death rattle, in the form of a small corporate credit, occurred in 1939. But the idea of using taxation to achieve a social objective had been born and for this purpose the tax had not failed. In fact its early demise is probably traceable to this success. The tax so greatly penalized accumulations that business complained that it could not properly plan for the future with an undistributed profits tax in effect.

Taxes Enter the Social Program

THE next clear indication of taxation utilized to achieve a social objective came in 1940. You remember the situation at the time. Business was not getting into defense work to the extent that the Government felt necessary. To give the needed "push" Congress passed a law permitting business to amortize the full cost of a new facility used to produce war materials over a period of 5 years regardless of the useful life of the particular facility. The expansion of war production that followed is known to you all. Of course, there were other important

reasons why business began its unprecedented expansion in 1941, but no one can gainsay the beneficial effect of the accelerated 5-year amortization provision.

The next step in this line of utilizing taxation to achieve social objectives came in 1942. The full capacity of American production, had not yet been reached when business was beginning to worry about what would happen after the war. How can we continue in business if, as is highly probable, we have bad years after the war. Tax rates and renegotiation do not permit us to retain a sufficient backlog out of our substantial war profits to tide us over what may be a bleak period of reconversion and readjustment. To eliminate this fear Congress passed a provision permitting taxpayers to carry-back losses to two previous years as well as carry-back unused excess profits tax credits for a similar period. This means that if a corporation finds that in the year after the war it has sustained a substantial loss, it can carry-back the loss to the two previous years.

How "Carry-Back" Worked

THIS would permit a refund of income and excess profits taxes paid on income up to the extent of the loss carried back. The carry-back of excess profits credit went even further. Even if the company had no loss but merely did not do as well in a post-war year as it did during the 1936-1939 base period or well enough to equal the invested capital credit of the corporation, the difference between the excess profits tax credit and the corporation's income for the year could be carried back to the two previous years and excess profits tax refunds obtained.

The next step in this development, the clearest of all, is taking place now. Taxation is being utilized to combat the greatest danger on the home front—inflation. After all other wea-

pons had been utilized, taxation remained the best means of reducing the inflationary gap by taxing away the "dangerous" money.

A clear understanding of the trend in taxation is important in order properly to face today's problems. A corollary of any development of taxation along the line of social objective must necessarily be an approach to interpretation which emphasizes the social and business purpose of the transaction. Let me apply this to two not uncommon situations. Corporation A started business a few years ago manufacturing shoes with a small amount of capital. It is now making a substantial profit but since its excess profits credit is low most of the earnings have fallen subject to the excess profits tax. It learns that Corporation B which formerly had been in the printing business has folded up. Corporation B's stockholders originally put a substantial sum into the business. Corporation A then gets a bright idea and acquires Corporation B for a nominal sum.

A Trick of the Trade

THE object is to jack up Corporation A's invested capital by including the invested capital of the now almost defunct Corporation B. This transaction is so widespread that advertisements appear in newspapers by shell corporations such as B offering to sell for nominal sums. "A" may get away with this transaction but I don't think it will. Technically the transaction comes within the strict language of the tax law permitting A to increase its invested capital. But a number of years ago a similar situation came up involving reorganization. There also the transaction came within the letter of the reorganization provisions of the tax law but the Supreme Court refused to recognize it on the ground that it was effected purely for tax purposes and without a business motive. I believe that the same principle would apply today to the acquisition of an unrelated corporate shell.

Let me cite you another illustration. A few weeks ago an Institute subscriber informed us that a local bank was encouraging loans to purchase war bonds. The bank said that it was willing to lend money at practically the interest rate yielded by the bonds. The borrower would have a

deduction for income and excess profits tax for the interest paid to the bank, and in addition, it was thought, would obtain a borrowed capital credit based on the amount of the note which the borrower gave to the bank to cover the loan. Again, I am of the opinion that the transaction will yield no excess profits tax benefit. The loan was not made for a business purpose and I don't believe that the note which it represents will stand up as evidencing borrowed capital.

Pension Plans Beneficial

AS against these two types of transactions there are plans which yield tax benefits but are encouraged by the tax law since they also achieve social objectives. Probably the most important of these is one calling for the creation of a pension or profit sharing trust for employees. Tax benefits from these deferred compensation plans are substantial. Within the limitation set forth in the tax law, the employer gets a deduction for payments made to the trust. The trust itself is exempt. The employee is not subject to tax until the trust makes distribution to him. Since the distribution is usually made on retirement, when the employee's other income is low, the tax benefit to the employee can also be great. Pension trusts also provide a perfectly legitimate means of making extra compensation payments without running afoul of the Salary Stabilization Edict. These deferred compensation plans yield tax benefits, but they also provide a desirable financial security to millions of employees.

Now let us look to the future. First, tax action contemplated now for future benefit, and second, plans being formulated for post-war tax legislation. Here we must stop to examine into the primary social objective for all post-war planning. It is to insure the maximum employment as quickly as possible after the end of hostilities. Now let us see how taxation can achieve this social objective.

Where to Get Reconversion Funds

THE one thing we know is that if business is to reconvert to peacetime production quickly and employ the maximum number of people after V-day it must have the

funds with which to make the conversion. True, most concerns are making a substantial profit today which, if it were not for taxation, would permit them to set aside ample sums for post-war purposes. But with the 90% excess profits tax cutting so deeply into the current profits, many concerns feel that they will not have the financial where-with-all when the war ends. Therefore one of the most pressing questions before Congress today is whether, and to what extent, a deduction should be allowed for reserves set up now for the purpose of post-war reconversion.

Last week the Treasury presented Congress with a lengthy study of the entire question of post-war reserves. Taking up each type of reserve in turn, the Treasury denounced some, but unfortunately specifically approved none. However, presumably it will not oppose congressional action on those types of reserves to which it did not object. Reserves thus tacitly approved by the Treasury include those for dismissal pay and plant reconversion. However, even on dismissal pay the Treasury would insist on two qualifications. It would require that the same number of weeks' salary be paid to each employee dismissed. There must be no discrimination. Also the Treasury would require a ceiling in terms of number of weeks wages. They feel that if there were no such limit concerns could attract employees away from others today by liberal promises on dismissal pay.

Proposed Reserve Plans

THE Treasury would also insist in connection with the reserve for post-war reconversion, that the reserve be allowed as a deduction only to the extent necessary to put the plant back in its pre-war condition.

One plan advanced for working out the question of post-war reserves is the following: Any taxpayer can set aside up to 20% of its current income for the purchase of a special type of non-transferable Government bond. The amount so utilized would be excluded from current income. After the war these bonds would be redeemed and at the time of redemption would be included in the taxpayer's income. Benefit to the taxpayer is that almost certainly after

the war the excess profits tax law will be repealed. The 20% will then be taxed at a much lower post-war rate.

The Treasury also has a specific proposal to help the financial situation after the war. It acknowledged that while the carry-back of operating losses and excess profits tax credit can be a substantial benefit to American industry, the probability is that refunds would not be paid for a year after the claim was filed. Yet it is during this crucial year that action by private industry must be taken. So the Treasury would approve a law permitting taxpayers to utilize any refund claim under the carry-back provisions to offset current tax liability. For example, a refund claim filed in March 1945 could be utilized as an offset against the taxpayer's 1944 liability due March 15, 1945. The Treasury would go even further. Where the refund claim exceeds the current tax liability it would permit an immediate refund payment up to 75% of the amount of the claim without going into the merits of the case.

Current Replacement Basis

ANOTHER proposal being given consideration for action this year would allow depreciation on a current replacement instead of actual cost basis. With prices for materials rising, depreciation based on the original cost, which might be $\frac{1}{4}$ of current replacement cost, creates a substantial problem of replacement. Even those who have a reserve fund in liquid form would find at the end of the useful life of the asset that the reserve is not nearly sufficient for replacement. And if replacement does not occur, the danger of unemployment is increased. The proposal to base depreciation on replacement cost basis is of course not all milk and honey. If prices go down, the depreciation deduction would also be reduced. But at least the proposal would insure a reserve fund sufficient actually to replace.

So much for the present. What is being planned for the future? If current plans are finally adopted, post-war taxation should achieve the ultimate in taxation for social objectives. The main proposal is "incentive taxation." The purpose and general operation is very simple. You wish to promote employment. So you give a tax credit to every tax-

payer who increases employment over certain specified levels. The more the increase the greater the tax credit. If you wish expanded production you offer a tax credit to those who can produce in greater volume than their production on a certain day or over a certain period. This is taxation for social good in its purest form.

A Reversed Proposal

ANOTHER proposal is to tax savings. Last year the Treasury proposed a spending tax. The idea behind it was to discourage spending in order to stop inflation. A tax on

savings would have the opposite objective. Encourage spending to provide industry with the market necessary to give it the incentive to increase production and employment.

Taxation has changed amazingly during the past 8 years. There is every indication that it will change even more within the next 8 years. Early in American legal history a judge sitting in the chief seat of the highest court in the land expressed the warning that the power to tax carried with it the power to destroy. Possibly the future will show us that the power to tax also carries with it the power to create.

What Will Be Done About Surplus Stocks of War Goods After "V" Day?

ON September 10 a group of business men representing a cross section of American industry met with Congressman Peterson, of Tampa, Fla., to plan a campaign to obtain adequate legislation as soon as possible on the important problem of disposing of surplus war materials at the close of the war.

The Senate and House Small Business Committees have been furnished with suggestions for legislation and two bills have been introduced (HR2795 and HR2498) which only partially cover the subject. Reliable sources, however, report that these two bills have been pigeonholed and will remain so unless action is taken.

At the conference mentioned above the following considerations were agreed upon as fundamental:

1. That all of the members of Congress should be made acquainted with the seriousness of the situation by their Constituents. This calls for a countrywide campaign.

2. With both Houses of Congress properly informed by their Constituents prompt and effective legislation can be effected as the present attitude of Congress toward this problem is sympathetic.

3. The presentation of this problem to the Congress must be accompanied by an outline of the needed legislation. This outline should be concise, comprehensive, and above all should be presented in the same form by all interested persons and associations throughout the country.

Unless there is a uniform simple solution demanded simultaneously by all interested factions on a country-wide scale this attempted legislation will fail.

The proposed outline is as follows:

- "1. The Congress should create a body which will take over and dispose of all surplus government property whether from military or government stocks.

- "2. This body is to be administered by experienced business men and its cost of operation provided by separate annual appropriation.

- "3. This body will dispose of its surplus supplies according to the following formula:

- "(a) In the event the Congress should approve rehabilitation or like aid to other countries via lend-lease or similar agencies these surplus supplies must first be disposed of through this channel.

- "(b) Any supplies not disposed of through (a) must next be channeled back to the producing unit at a fair cost which will permit reconditioning when necessary and allow the supplies to enter normal trade channels at normal prices and profits.

- "(c) Any supplies not disposed of through (a) and (b) are to be sold to the highest bidder after proper notice at a price not less than the current market value less 10 per cent."

All interested parties are urged to present this outline to their Congressmen without change or amplification. The needs of any group can be met by the foregoing fundamental plan.

Ol' Doc Nixie Takes to the Road

A Sequel to "Wanted a Credit Manager Who Can Sell"

Doc was not licked. Losing his job aroused him as he was never aroused before. Each time he thought of the General Manager's burning questions there came a glint of "I'll show him" in his eye. Now hastening up the street, he did not appear downhearted, but walked like a fellow who just had a cold shower and a spritely talk with say—Hedy Le-Marr!

And was he in a mood? Bang! went his front gate—vigorously did he thumb the door bell, and to his little wife's consternation he gave her a resounding smack with the quip—"Wife, I must be getting absent-minded. When I just kissed you, I almost started to dictate a letter!"

A salesman's joke from staid Ol' Doc—and what a salesman he was going to be! Did a Creditman have sales instinct? Could a Creditman sell as well as collect? Was he only a turn-down artist? All he wanted now was an opportunity to demonstrate.

P. H. Putterworth, head of competition for Doc's old firm, was interested—"Yes, their Credit Department was short in manpower. He liked Doc's idea of going to their sales school for a week to intimately learn their line—and then out on the road for a while to try to sell as well as collect—yes, he would have a trial!"

Doc was completely in reverse. The best tailor in town had now attired him in a blue pin-stripe, double-breasted suit. His friends in his old office would not know him. Nothing at all funereal about him now from his white Stetson and his rainbow tie down to the kaleidoscopic colored socks. Friend wife beamed at him as she packed his bag for the first business trip of his career.

Eaton was the first stop. The customer—Messrs. Wolf and Bear—Fur Retailers—rated D $2\frac{1}{2}$ —and they owed \$760.00, months past due.

J. T. O'NEILL
Credit and Collection Manager, West
Publishing Company
St. Paul, Minnesota

In a previous article, "Wanted—A Creditman Who Is A Salesman," Ol' Doc Nixie (as he was called by the salesmen on the road) lost his job as Credit Manager when his firm was reorganized. The new General Manager felt that, among other things, Doc lacked lively sales interest so essential today in a modern Creditman.

Courteously but artistically they tried to brush Doc off—their collections were slow—the selling season did not start for a month—they would be able to send a check in sixty days—they always paid in the past — — —.

Was Doc stymied? Not in his present mood. He was prepared too. Unfolding his best smile, he took his time and said—

"I understand your position—as long as I am here I am going to ask you to listen to ours. We know you are okay—we are not worried about our money—but something is worrying us PLENTY. We didn't get your fall order—unquestionably you did not want to add to your past due account—and that hurts—both of us!"

Opening his brief case, Doc solemnly but persuasively continued—

"Here's an order of \$1600.00 that I have made up from a study of your account and which covers your usual requirements—your substantial discount is noted. We are 100 per cent willing to ship these goods, or more that you select, and fix up your account at the same time—a total of \$2300.00. Your checks have been always good. Take a full six months to pay by giving me six checks for \$400.00 monthly. I will notify you ten days before each check is deposited—you will be prepared—you will get the item into your check book records. We want these checks, which we know will be met, because they are the nearest you can expose us to money and as they will kill unnecessary expense and all letter writing. I have filled out blank checks in advance—simply give me the name of your bank—and let's do business."

By hi-spotting customers who owed money and merging the account with a new order, Doc's sales

the first week totaled \$8900.00, and he had current and budget checks and notes payable at the bank that totaled \$14,400.00. \$5500.00 worth of slow accounts adjusted!

But more than that. Doc in "face to face" conversation ironed out old complaints caused by letters. He found new arguments for speedily merging old accounts with brand new sales on an acceptable basis. Above all, he found that customers were regular fellows, who had kids and family problems. They were not just an account number on the books—they liked a little humor—they were human beings like himself—they were ready to do business and cooperate—but gosh, if he had talked to them like his form letters read!!!

Putterworth & Company were intrigued. Bundles of checks and notes and bundles of orders. Admittedly, the monthly checks and notes were of a size that could be met by any of the customers. The orders, with payments all arranged, were especially welcome. When the first checks of several customers were met promptly, Putterworth wired Doc—

"YOUR BUDGET CHECK AND NOTE IDEA IS OKAY (STOP) COME TO OFFICE AND TRAIN SALESMEN IN THE PLAN (STOP) IN YOUR NEW POSITION AS OUR CREDIT MANAGER SEE IF YOU CAN DO THE SAME BY MAIL (STOP) HOPE YOU CAN WRITE LIKE YOU SEEM TO BE ABLE TO TALK (STOP) CONGRATULATIONS"

PUTTERWORTH

Doc shaving before the hotel mirror after receiving the wire swore softly, "What a dumbbell to sit at a desk for 14 years and be a make-believe credit executive. Thank goodness I was kicked out, as it were, on the road before I became fossilized. I was getting so narrow about a slow pay—about salesmen—about sales—about sales managers—that my ears almost touched. I am going out peri-

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What Kind of National Economy After the War?



May I at the outset present a parable. Bo so doing I hope to paint a background.

* * *

In the beginning our forefathers created a Nation, conceived in liberty and dedicated to the proposition that independence was worth all its costs.

The people of this Nation waxed strong and prospered. Work, thrift and resourcefulness were the secrets of their success. Opportunity was the driving force under which men strove constantly to preserve their independence and security. Goods were accumulated through thrift and upon every man rewards were bestowed in the same measure as his individual contribution to the nation and to the tribe in which he lived.

Great joy reigned throughout the land for men were happy. But then it came to pass after many generations with wars and threats of wars that grave times fell upon the people. Forsaking the faith of their fathers, this most favored of all nations began to lose confidence in itself. False leaders came among them, many from foreign lands, preaching strange doctrines. According to these new prophets the days of initiative and independent industry were no more. In their stead they were offered compensation for inactivity. To those who would refrain from tilling the soil was given money taken from the public treasury. Doles were offered for unproductive labor. Restrictions were placed upon men in the marts of trade until they became sore afraid.

In the place of liberty, independence and opportunity, the people were urged to seek regimentation, dependence and security. The seeds of doubt were spread and faith in the ways of life which for generations had made this nation

By J. M. BICKEL
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and Vice-Chairman Committee for
Economic Development

great were shaken even unto the foundations.

Unfamiliar and foreign sounding phrases such as Dictators, Fascism, Communism and Collectivism were heard, first in whispers, then openly in the market places, as these new prophets grew in boldness.

Confusion and lack of purpose ruled and men feared with a great fear. Elder and wiser heads cried out but they were as voices in the wilderness. Until, one day, came some wise men who counselled with the people. Sore of body from many sufferings, torn by discord among themselves, beset by doubts and confused by the preachings of those who had led them from the paths of righteousness, the people were once more ready to return to the teachings of their forefathers.

Led by these wise men the people traveled back along the road of independence, through the vale of hard work until they came once more upon the hills of the true perspective from whence their eyes fell upon the broad plans of opportunity, and there was great rejoicing.

* * *

The Result Is Up to Us

THAT'S the end of the parable—the point, I hope, is clear. The wise men of the allegory are the leaders among us today who are counselling the return to free enterprise, honest competition and equal opportunity. On one point we can all agree; the kind of a world we are to live in after this terrible war is up to us. Here in America we have been brought up on free enterprise, and equal opportunity for all. Dif-

ferences of opinion we may have, but not to the point of disrupting our union. (Story—Maizie)

The Committee for Economic Development is a grass roots organization. It has been in operation for almost two years. Its foundations go back much further than that. It is a private, non-profit organization, operating in the public interest, completely independent of any governmental agency. The Department of Commerce has provided it with offices in the Commerce Building in Washington, D. C., as a matter of convenience and cooperation. Various facilities and statistical data originating in the Department of Commerce have been placed at the disposal of the Committee, much to its advantage and effectiveness. There is, however, no formal or official connection between the two.

This Committee for Economic Development known euphoniously as CED is national in scope. It is functioning to stimulate—to encourage—to assist within communities, company-by-company postwar planning for new levels of productive employment and profitable distribution in the postwar world.

Big Men on Board

BASIC responsibility for CED policy rests with a Board of Trustees, of which Paul Hoffman, President of the Studebaker Corporation, is chairman. Many of the men serving as Trustees are familiar to all of you. Men like William Benton, Vice-President of the University of Chicago; Chester Davis, President of the Federal Reserve Bank, St. Louis; M. B. Folsom, Treasurer of Eastman Kodak Company; Clarence Francis of General Foods; Charles R. Hook of Armco; Charles F. Kettering of General Motors and Eric Johnston, President of the Chamber of Commerce of the United States—just to mention a few of them. There are 10 more Trustees,

all of equal prominence. The Committee is run by business men in the interests of our people as a whole. It is financed entirely by contributions from private business. (Story, The Lord and money)

Every man associated with the Committee agrees that the first job of business is to help win the war. It is believed, however, that Victory in the war alone will not guarantee that the battle is won. Victory will be achieved only as the men in the armed forces, war workers, and all others who want to work have useful jobs in peacetime years.

High employment is a victory for which all business must start fighting now. The one vital weapon is production in billions of dollars worth of goods and services—and the task forces able to win this fight will be found in the know-how of men and women like yourselves who represent company management throughout the land.

Drastic Dislocation

CONSIDER the drastic dislocation which has been imposed on our economy. In 1940 the nation turned out approximately \$100 billion of goods and services—more than in any previous year. Forty-six and a half million people were employed, nine million were unemployed.

Now consider the situation in 1943. By the end of this year we will be producing at the rate of more than \$155 billion per year at 1940 prices. War production will account for \$84 billion, more than half the total output. About sixty-three million people will be employed, many millions of them in the manufacture of war goods; ten million will be in the armed forces and unemployment will be at a minimum.

When the wars in Europe and Asia end, our economy will lose a customer for over half its output—the government. Many of the ten million in the Armed Forces and nearly all the millions in war work will be returning to peacetime pursuits, eager for jobs. They will insist on them—useful jobs with decent pay and ample opportunity for advancement. Never again will doles and subsistence levels be tolerated. Jobs for these returning soldiers and sailors and war workers must be provided either primarily through the resources and ingenuity of business people like you, or the government

will be forced to take over and free enterprise will go out the window. This means replacing as quickly as possible a large part of the eighty-four billion dollar production of war material with civilian goods and services.

Prospect Is Hopeful

THE prospect, however, is hopeful and inspiring. It is hopeful because peace, when it comes, will find a huge, pent-up need and desire for goods. Many billions of dollars of savings will be available to permit people to translate their desire into buying demand. This demand can be met only by bold planning and bold action now on the part of those thousands of individual business men—of whom you are a part—who recognize the opportunities of the future.

What one business alone can't do the businesses of the nation can do. The machinery to assist them has now been created nationally by the Committee for Economic Development. Its broad aim is to develop the means whereby industry and commerce can make their maximum contribution to high standards of living for people in all walks of life through high levels of employment and productivity. Business men must apply their independent initiative to the task. The Committee is focusing major interest on the problems of the legions of smaller business men throughout the country.

When we think of industrial employment in this country it's natural to think first of large employers, so often we overlook the importance of small business. According to the 1939 census of manufacturing establishments so-called big business companies employing over 1,000 persons each, accounted for only 22.3% of the total number of wage earners in industry. That means 77.7% were, in that year, employed by relatively small industries. That's why CED is organizing nationally to help business of all sizes.

A Chairman in Each Reserve District

A REGIONAL Chairman has been appointed for each Federal Reserve District. These business men appoint District Chairmen—one for approximately each million population, who in turn appoint Commu-

nity Chairmen. These Community Chairmen are kept constantly supplied with up-to-the-minute helpful data on postwar markets, case studies of firms engaged in postwar planning preparations, etc., which they can pass on to all business concerns in their area. Similar information is provided to all trade associations. The practical solution of postwar planning is on a company-by-company basis.

I want to make it perfectly clear that no one connected with the Committee for Economical Development from the top down believes that any national Committee can possibly do any planning for any individual business man. The only man who can plan for your business is the man, or men, who run it. Your management can have help certainly, but no national level, whether it is a civic or government committee, can possibly plan the business operations of America's three million business men.

The initiative and resourcefulness of individual enterprises in this country constitute one of our greatest national resources. The problem is properly to develop this great resource, to stimulate hard thinking on the part of these entrepreneurs.

The first effort of the Field Development Division of CED is to so organize its activities that a package of "know-how" might be made available to all business men. A National Industrial Advisory Board is functioning. On this Board are our country's greatest experts, not only in the field of planning for individual enterprise, but also from the standpoint of knowledge of the development of new materials and new technologies. The Department of Commerce technicians are also collaborating with this group. Many of you may be familiar with the recent work of S. Morris Livingston of the Commerce Department titled "Markets After the War." It was prepared in cooperation with CED. I recommend it to you—a most significant contribution to postwar planning.

A Research Committee

THERE is also a Research Committee headed by Ralph E. Flanders, President of Jones and Lamson, and including men like Thomas W. Lamont, William Batt and Beardsley Ruml. They, in turn, have a Re-

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Do We Need a Stabilization Plan?

A Foreign Trade Banker Discusses Proposals

CF There has been some discussion with regard to stabilization plans, culminating in doubts expressed by some as to whether there is need for any plan. I shall devote myself to what has been said by various people with regard to that phase of the question. In other words, do we need a plan? If so, in general, what kind of plan do we need?

I think it is fair to say that among those who have given study to the whole pattern of postwar problems, there is almost a unanimity of opinion that some plan would be desirable.

Having gotten so far along, the question that next raises itself is, What plan? As you all know, almost simultaneously Lord Keynes produced what has come to be known as the Keynes Plan and the Treasury Department, through its Division of Monetary Research, released what has come to be known as the White Plan, because it has been expounded publicly quite a little and privately to a considerable extent by Dr. Harry White, who heads that division of the Treasury Department.

Those plans provoked a Canadian Plan, which has had some publicity and some comment.

Cleavages of Opinion

IN the discussion with regard to these plans, there are beginning to develop fairly clearly the cleavages of opinion among people interested in the subject, as to the merits and demerits of the plans themselves, and the general course that an ultimate plan should take.

I will say of the Keynes Plan that it has already served its purpose. It was an ambitious plan—obviously too ambitious a plan to be practical, in the sense that it was too grandiose to make us believe that it could be a politically acceptable plan. It served

By **WILBERT WARD**
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its purpose as a means of discussion, however; and while I do not suppose I can bury it here, because it will not stay buried, still I do not think it is risking very much to say that its most useful purpose has been served, and that it is going to be good for reference, but never, in its present form, for anything more than that.

The White Plan, and particularly the revision of it which the Treasury authorized to be released publicly on July 10th, represents the public thinking of the Treasury Department on that subject. I think, if you don't understand it already, you must all understand that the Treasury itself is not committed, as such, to either that or any other plan. In other words, the Treasury is thinking currently with regard to the matter, and they are not committed to the White

Plan as it stands at present. They are seeking comments from abroad and at home, and they are shaping up the plan.

That is the situation with regard to the plans themselves. The comments that they have provoked swing clear across the pendulum. I suppose the most destructive criticism that has been thrown at them is that of Dr. Benjamin Anderson. He said that he thought the cure lay in the contraction of credit at home, in the ending of our cheap money policy and our attempts in the United States to increase funds in the fashion with which we are all familiar, through more and more borrowing. In other words, his theory was: Let us make the dollar sound, and then let the rest of the world take care of itself. That is an oversimplified statement of Dr. Anderson's criticism.

The Aldrich Idea

A MORE tempered comment was that which Mr. Winthrop Aldrich made something over a year ago, in which, after summarizing both plans, he said in conclusion that he suggested as an alternative that a free dollar be established, involving the checking of domestic inflationary forces, the resumption of gold payments, and the removal of all foreign exchange controls. You will notice that, to that extent, he practically repeats what Dr. Anderson said. And then he added that if these measures are taken, the dollar will stand by itself, on its own; and other countries' currencies can, one by one, come into rapprochement with it.

There were other studies. One was by Dr. Viner of Yale University, which I think is a tempered study. He says:

"Now that the initial steps toward agreement have been taken, it will be an ill omen for the possibility of

framing a better world order for the postwar period, if inertia, low metabolism, negativism, isolationism, excessive manoeuvring for national advantage or prestige, or diplomatic ineptitude, should prevent a substantial and constructive outcome. With respect particularly to the two draft plans, I have probably made it sufficiently apparent that my own preference is for a blend of the two, with only a few substantial deviations from both.

"I am convinced, nevertheless, that as compared to the pre-war situation, adoption of either plan very much as it now stands would be a great step forward, in the mutual interest of all countries wishing an orderly and collaborative world."

There is also a useful study made for the National Bureau of Economic Research by J. H. Riddle, of the Bankers Trust Company. That study is not public as yet.

Bankers Discuss Plan

TWO of the American banking associations which represent the collective thought of American banks have spoken on this subject. The Reserve City Bankers Association has sponsored the Riddle study, which, as I say, is not yet public. The Bankers Association for Foreign Trade had the subject on the agenda for its meeting last spring, and at the end passed a resolution which said, in substance, that they approved the principle of stabilization, and commended the efforts of the Monetary Research Department of the Treasury, in making studies in that direction. In other words, they approved the principle of stabilization.

The Economic Policy Commission of the American Bankers Association has just put out a report which devotes itself to all the problems that both bankers and exporters and importers have to deal with in thinking of postwar trade. One of the seven points that it makes, as essential to economic recovery, is monetary stability. Its conclusions, after referring to both the Keynes and the White Plan, are that some form of international institution is desirable.

So I think we can say, with the single exception of Dr. Anderson, there is an agreement that stabilization is desirable, but that it will not be achieved by itself, and that some-

thing affirmative has to be done in order to bring it about. That brings us to the hard question, which is: What can we do affirmatively to bring it about? There are those who say that you can only bring it about by completing the other job. In other words, when you get every country's economy into balance, then stabilization automatically becomes effective.

Of course, any stabilization plan has to be supported. An illustration is the Federal Deposit Insurance Corporation, which has a fund now approaching three billion dollars, to guarantee to the public that their bank deposits, not exceeding a certain figure, in member banks, are insured. You will all agree that, so long as the banking situation in the United States is fairly stabilized, the existence of that fund will keep it stabilized, because nobody is going to try to shoot at a situation that seems to be well in hand. But we all agree that if our banking situation were really disorganized, no fund would supply it with the reassurance depositors' need. In other words, if the problem really became acute, then even that enormous mechanism would not be very reassuring. The same can be said of a stabilization fund—that its only possible function can be to prevent exchange traders and speculators from trying to take advantage of a situation that may be weak in a certain spot. They won't try, if they know that there is a well-organized, well-financed stabilization organization standing behind it, ready to protect it.

Must Help Themselves

ON the other hand, if the economy of a certain country be fundamentally weak, no stabilization plan can do anything in the end to help it, except to point out to that nation how it can help itself.

It is the inherent weakness of any stabilization plan that it is only a means whereby there can be held together a situation concerning which a great many other things must also be done. While those who favor any one of the plans say that we must get rid of exchange restrictions, the fact is that when you get a stabilization plan set up, you have gotten rid of exchange restrictions — at the expense of having a new mechanism which perhaps is more complicated than was the old one.

That brings us to this question: Assuming that we do believe in stabilization, assuming that we believe that stabilization will not come by itself, and assuming that an organization of some sort is needed to bring it about, then do we have to have a new organization? If we need a new organization, are we going to have it run by the people who propose these plans?

Bear in mind that these proposals—the Canadian proposal, the British proposal, and the American proposal—have come from the fiscal authorities of their respective countries. That, to my mind, has a certain significance. You will recall at the time the discussions were taking place, which produced a National Monetary Commission, and afterwards brought about the Federal Reserve System, the fear in Congress was that, somehow or other, the central banking system that would be set up would be dominated by the banks. They were so fearful of it that they set up so many safeguards to keep it from being dominated by the banks that they forgot there was an equal chance that it might be dominated by the fiscal authorities. And you may realize that the danger they did not mention has occurred:

The monetary policy of the United States is now dominated by the Treasury Department, and is made subordinate to its views of its financial needs, a thing which the orthodox economist says is a sign of weakness in any banking system.

Subordinate to Fiscal Authorities

IT is my theory that in whatever plan is set up, some provision should be made so that it will not be too subordinate to the fiscal authorities of the countries concerned. Because, it seems to me, to do that is to blind its international vision by the preoccupation of those who are running it with their own domestic problems.

Subject to that limitation, there comes the question of how would you set up a plan of stabilization? The American Bankers Association report suggests that the Bank for International Settlements, which did a certain job, might be revitalized, and changed and set up to do that specific job. It is suggested that there

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U. S. District Court in Illinois Rules in Favor of Trustee in an Assignment of Accounts Case

FM As a result of a decision handed down on September 27, 1943, by the United States District Court for the Eastern Division of the Eastern Judicial District of Missouri ("In the Matter of *Vardaman Shoe Company*, Debtor"), the City National Bank of Centralia, Illinois, and the National Stock Yards National Bank of National City, National Stock Yards, Illinois, are faced with the possibility of having to surrender to a trustee in bankruptcy moneys estimated at several hundred thousand dollars.

The two banks had made revolving loans to Vardaman Shoe Company, a corporation doing business in the State of Missouri, and had taken as collateral security for their loans assignments of accounts receivable. No notice was given to the debtors who owed the assigned accounts, although the Shoe Company's books showed that the assignments had been made.

Within four months after these transactions, a petition for the reorganization of the Vardaman Shoe Company under Chapter X of the Bankruptcy Act was approved, and a trustee appointed. The trustee, believing that the banks had an unassailable title to the proceeds of the assigned accounts, obtained an order from the Reorganization Court directing him to pay over the amounts collected, and pursuant to orders so granted approximately \$188,000 was paid out of the debtor's estate to the banks.

Other Creditors Start Action

THEREAFTER creditors of the Shoe Company applied to the Federal Court for an order on the trustee to recover these moneys as alleged preferences under Section 60-a of the Bankruptcy Act, contending that, regardless of the time when the assignments were actually made, they became preferences because of the assignee's failure to notify the debtors of the assignments. Re-

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of Credit Men.

liance was had upon the recent decision of the United States Supreme Court in *Corn Exchange Nat'l Bank, etc., et al v. Klauder*, 63 Sup. Ct. 679, which decision was discussed in an article in the May issue of "Credit and Financial Management."

The Missouri court, in granting the application for an order directing the trustee to recover the moneys collected on the assigned accounts, held that under the Supreme Court decision in the *Klauder* case "if there are any means under the applicable state law by which * * * a hypothetical subsequent assignee can defeat the prior assignee, then the trustee defeats the prior assignee. If the assignment is not so perfected according to the state law as to be absolutely invulnerable to attack, it takes effect only as of the date on which the bankruptcy petition is filed, the bankrupt's debt which is secured thereby is deemed to be an antecedent obligation and the assignment is a preference within the terms of Section 60-a."

Assignments Under Illinois Law

THE assignments in the case now under discussion stated on their face that they were to be construed according to the laws of the State of Illinois, and it was contended that according to Illinois law an assignee of an account need not notify the debtor whose account is assigned in order to protect himself against subsequent assignees.

The Court found, however, that whether the validity of the assignee's title was to be determined by Missouri law or Illinois law, the trustee would prevail in either event, for under Missouri law title could be perfected as against a subsequent

assignee only by notification to the debtor while in Illinois, if a subsequent assignee without notice of the prior assignment is the first to notify the obligor of the account, and the second assignee thereafter collects the account, he is not accountable to the first assignee.

The Federal Court found that this question had not been squarely decided in Illinois, but held that the rule just stated appears to be sound law and was adopted as the general federal law in *Salem Trust Co. v. Manufacturers Finance Company*, 264 U. S. 182.

The Court found, therefore, that the question of whether Missouri or Illinois law is applicable "is moot since under either rule a bonafide purchaser *could* have acquired rights of the assignees, and thus the trustee is possessed of rights superior to those of the assignee."

Uncertainties in Non-notification

THIS decision, coming on the heels of the *Klauder* decision, emphasizes the uncertainty which now attends non-notification financing in all but perhaps ten states of the Union. The rule found by the court to be the law of the State of Illinois is in accord with the so-called "Massachusetts Rule" which probably prevails in most jurisdictions.

If, as a result of further proceedings by the trustee for the recovery of the alleged preferences in accordance with the order of the Reorganization Court, the trustee is successful, the opinion entertained by attorneys that in such jurisdictions as Massachusetts that non-notification loans are safe, will prove to have been completely erroneous.

The future proceedings in this case will be a matter of great interest to banks and finance companies, and it would seem probable that the litigation will eventually reach the United States Supreme Court for final decision.

Developments This
Month on Termination
and Renegotiations

(Continued from Page 7)

ments on contract claims should be permissive and subject to control by contracting officers in order to protect the interest of the government, and to avoid upsetting existing contractual relationships. The weakness of permissive payments, however, lies in the absence of any assurance that they will be made. Even if made to prime contractors there is no assurance that they will be passed on rapidly enough to sub-contractors.

The Committee, therefore, believes that permissive advance payments should be supplemented by a system of direct mandatory loans. Although

admittedly less desirable from a balance sheet standpoint than actual payments, such loans will provide definite assurance of a speedy release of working funds, particularly for small business firms on the lower rungs of the sub-contracting ladder.

In this connection, the Committee endorses the principal of the extended V-Loans procedure recently announced by the armed services and the Federal Reserve Board. This procedure may well be a convenient method for securing advances by many firms with good credit standing and complex contractual relationships. Nevertheless, we are convinced that the V-Loan procedure, and anything comparable to it, will not be adequate for most small businesses and should be backed up by a system of direct mandatory loans from the government.

Six Procurement Agencies Form Joint
Board on Renegotiation Policy

On September 24th President Roosevelt directed James F. Byrnes, War Mobilization Director, to create a Joint Production Committee which would in turn regulate policy matters on such questions as Renegotiation. And on October 20th the announcement was made in Washington that six Government Agencies had set up a Joint Price Adjustment Board which would handle policy matters connected with Renegotiating War Contracts. The announcement regarding this new Joint Price Adjustment Board as issued by the Office of War Information on October 20th is as follows:

A Joint Price Adjustment Board to exercise certain authority now exercised by the individual agencies renegotiating war contracts is announced today by the War, Navy and Treasury Departments, the Maritime Commission and the Reconstruction Finance Corporation for its subsidiaries, subject to the Renegotiation Statute.

The personnel of the Joint Board is as follows: Mr. Joseph M. Dodge, Chairman of the War Department Price Adjustment Board, Chairman; Mr. Kenneth H. Rockey, Chairman of the Navy Price Adjustment

Board, vice-chairman; Mr. Thomas M. Woodward, Chairman of the Maritime Commission Price Adjustment Board, who is also representing the War Shipping Administration Price Adjustment Board; Captain Harry C. Maull, Jr., Chairman of the Treasury Department Price Adjustment Board; Mr. Charles T. Fisher, Jr., Chairman of the Reconstruction Finance Corporation Price Adjustment Board, and Mr. Carman G. Blough, War Production Board representative.

The establishment of the Joint Board provides a formal procedure in place of the informal procedure which has been followed by the individual price adjustment boards since their establishment and the relationship which has been maintained between them in such matters as the adoption and publication of joint statements of purposes, principles, policies and interpretations.

The Secretary or head of each of the departments or agencies engaged in renegotiating war contracts under the Renegotiation Statute has delegated authority and discretion to the Joint Board as follows:

(a) To formulate and adopt state-

ments of purposes, principles, policies, and interpretations under the statute which shall be binding on the Departments.

(b) To define, interpret and apply by joint regulation the exemption specified by the statute relating to the product of a mine, oil or gas well or other mineral or natural deposit or timber.

(c) To exempt from some or all of the provisions of the statute general classes or types of contracts, and to formulate standards for the exemption of such contracts.

(d) To determine whether any contractor shall be required to renegotiate for any fiscal period the contract price under some or all of his contracts subject to renegotiation under the statute.

(e) To assign any contractor to any Department for determination whether excessive profits have been or are likely to be realized from some or all of its contracts subject to renegotiation under the statute.

(f) To prescribe by joint regulation the form and details of the financial statements contractors may file, and the form, time and manner of giving the notice to which they are entitled, in order to commence the running of the period of limitation after which its contracts cannot be renegotiated.

Subcommittee of House
Ways and Means Committee
Holds Vinson Bill Hearings

Word from Washington late in October was to the effect that the Subcommittee of the House Ways and Means Committee is awaiting further word from the new Policy Board on Renegotiation. It also was quite strongly hinted that amendments to the Renegotiation law might be taken up in connection with the new Federal Revenue Bill.

Amendments Proposed in
Vinson Bill

THE Vinson Bill on amending the present Renegotiation Statute proposes the following changes:

(1) That all of the Procurement Agencies including the War, Navy, Treasury and Agricultural Depart-

(Continued on Page 26)

Accounts Receivable System Saves Valuable War Time

Handles Increased Volume Without Additional Employees

By L. A. E. GLEASON
Assistant Secretary and Treasurer
A. R. Purdy Co., Inc., New York

War conditions have brought problems to all of us in the matter of personal, increased volume of work and innumerable government regulations which require additional bookkeeping and records. Ordinarily it would not be too difficult to solve this problem by adding an employee or two. I need not point out how very difficult this is today. In fact, in many cases it is impossible.

Without wishing to make any claims to prophecy, our executives had an inkling that such a condition might develop some two years ago. It was at that time that we decided to investigate our present Kolect-A-Matic accounts receivable system.

Like many other credit men, I suppose I was somewhat hesitant about this new method which did away with our ledger cards. The ledger card or ledger sheet as the rock bottom foundation of all credit and collection records is deeply ingrained in every credit executive. Naturally, we thoroughly investigated our present system before we decided upon an installation. I might say, at the outset, that it has proved entirely satisfactory in all respects.

Adaptation of Old Method

THE Kolect-A-Matic system is essentially a modern adaptation of the old general store method of keeping paid bills on one spindle and unpaid bills on another. It has, however, many streamlined advantages not present in the more casual spindle method.

The A. R. Purdy Company's system consists of a double fireproof, burglar-proof tub. Each section of the tub has panels. These panels contain pockets alphabetically arranged for the filing of our unpaid invoices. Each customer's pocket is faced with a card similar to that shown in *Figure 1*.

This, as can be seen, shows us our customer's name and address, and has spaces to indicate a credit limit, a credit rating, the average time in which a customer pays his bills, the last payment, and blanks for such special information as we may desire. I make use of one of these to indicate the last invoice rendered a customer, another to show highest credit granted. The blank for N. G. checks is not used. The data thus shown makes possible the prompt giving of credit information.

In the upper right hand corner of this tab card are

spaces indicating the months of the year. Each time an invoice is paid, an orange celluloid slide is moved to show the oldest invoice which is in the file pocket for that particular customer. This tab is indicated on *Figure 1* by a crayon mark.

Our procedure in handling orders from a new customer is to first make the usual credit investigations: Dun and Bradstreet reports, trade references and, if it is a very large order, a request for some special information. After we have approved the order for credit, we have same written by Hektowriter, on a "master copy," making, at once, a customer's acknowledgment and four copies therefrom on a Standard Fluid duplicating machine. Three copies are immediately sent to our warehouse. One copy with original customer's order attached is retained by our billing department, and filed alphabetically in a "to be invoiced" file. The "master copy" is filed numerically as they are pre-numbered. We use that number that is shown thereon as our invoice number.

How Billing Is Done

AFTER shipment has been made, the work copy is returned to the office, attached to the office copy, weights brought forward thereon, priced, and extended by comptometer. From this work copy, we make as many duplicate invoices on our duplicating machine as the customer may want. One copy of the invoice comes to us for filing in our Kolect-A-Matic system. One copy goes to our OPM section for commodity classification and recording. The invoice clerk lists all invoice numbers and amounts on a control sheet. This, when added, must agree with the separate totals arrived at by the OPM run-up and the invoices to be filed into our Kolect-A-Matic system. After this check has been made, we are then ready to file our invoices.

The original office copy with attached work sheets, showing weights and prices, goes to our inventory clerks, who take off the poundage and the dollar value of the orders shipped. The dollar value is checked against the daily sales figure, giving a three-way check, viz.—accounts receivable—OPM summary—and inventory record.

The master copy of the work sheet is filed numerically in a "master file." The copies of the invoices

PRICE COPY

A. R. PURDY COMPANY, Inc.

STEELS and TUBES

790 GREENWICH STREET

NEW YORK 14

CHELSEA 3-4455

INVOICE No.

SOLD TO

ADDRESS

ACKNOWLEDGMENT

DELIVER TO

A. R. PURDY COMPANY, Inc.

STEELS and TUBES

790 GREENWICH STREET

NEW YORK 14

CHELSEA 3-4455

INVOICE No.

SHIP VIA

SOLD TO

DATE ORDERED

QUAN. ORDERED

QU. SHIP

ADDRESS

DELIVER TO

INVOICE DATE



SHIP

QUAN. ORDERED

WE HEREBY CERTIFY THAT WE ARE COMPLYING WITH THE REQUIREMENTS OF THE FEDERAL WAGE AND HOUR LAW.
All claims for defective materials, errors or shortages, must be presented within five days after receipt of goods. No claims for labor or damage allowed.

A. R. PURDY COMPANY, Inc.

STEELS and TUBES

790 GREENWICH STREET

NEW YORK 14

CHELSEA 3-4455 - MARKET 3-4075

INVOICE No.

CUSTOMER'S INVOICE

SOLD TO

DATE ORDERED

ADDRESS

DELIVER TO

INVOICE DATE

CUST. REQ. NO.



TERMS: NET 30 DAYS
SEAMLESS STEEL TUBING-2% 10 DAYS
ALL OTHER COMMODITIES-1% 10 DAYS

PRIORITY RATING

SHIP VIA

CUST. ORDER NO.

QUAN. ORDERED

QUAN. SHIPPED

DESCRIPTION

A. R. PURDY COMPANY, INC.

STEELS AND TUBES

790 Greenwich Street

NEW YORK

CHELSEA 3-4455

ATT. PURCHASING DEPT.

Our Order No.

Date

Gentlemen:

We have entered the balance of your order

as follows,

URE

Above are shown some of the forms used by Mr. Gleason in his credit office system designed especially to shorten the work in handling accounts receivable. Above are shown the forms used for Invoices, Acknowledgments, Price and Back-Orders which tie in to make up Mr. Gleason's Kolect-A-Matic System.

which we receive for filing in our Kolect-A-Matic system are totaled by us. This total must, of course, agree with our daily sales report sheets and with the OPM and inventory records. In this way we prove all of our entries in our accounts receivable and also insure accuracy in taking off inventory figures.

Four Alphabetical Controls

THE Kolect-A-Matic system is separated into four alphabetical controls. When we receive our checks for the day, we separate them into groups corresponding with the alphabetical controls under which the corresponding invoice is filed. We then pull out the indi-

tab, is pushed forward to its proper place indicating the oldest invoice that is in our file.

Eliminate Most Statements

SOME years ago, the A. R. Purdy Company, like many firms, sent regular monthly statements to all of our accounts. This involved considerable labor, supplies, and postage. We then decided that we would render statements only to those companies which specifically requested them. Our Kolect-A-Matic system is a great aid to us in this since, by means of a vertical green celluloid signal on the left hand side of the customer's tab card, we know at a glance which of our customers require statements.

There has been considerable discussion among credit executives about the sending of statements. Our experience has indicated to us that those companies which really want them will ask for them. To others, they are a nuisance, while to the sender they are a needless expense.

Since the installation of our Kolect-A-Matic system, we have found it much easier to handle our volume of work. The saving comes to us chiefly in the packing of our invoices which now takes a fraction of the time formerly required to post our entries by machine.

The write-up of our cash is somewhat slower than our former method. However, I would not attribute this completely to the Kolect-A-Matic system since today we are obliged to keep a more complete picture, particularly with respect to present day taxes. Perhaps a fair analysis would be that, considering the additional information now needed, we write up our cash in about the same time as before.

Our system has taken care of expanded work for us without any increase in personnel. It has available a surplus capacity of at least 70 divisions.

While the name of the system implies its efficiency in inaugurating collection procedure, this is not a feature as far as we are concerned. Our collection problems are very minor and are taken care of individually, many through a telephone call. To effectively use the Kolect-A-Matic system, however, a duplicating system for the various forms, work sheets, and invoices, is essential since there must be a counter-check. Obviously it would be most difficult to trace an error should an invoice be taken out of the tubs. This will never occur as a strict rule is enforced that only the bookkeeper can touch the tubs. Our several checks and counter-checks effectively prevent the tubs from being inaccurately packed or pulled. I have neglected to mention that the paid invoices are filed in folders, with customers' names thereon, in standard filing cabinets.

(Continued on Page 25)

File cards for Accounts Receivable and Invoice form.

vidual invoices represented from the respective file pockets. If more than one invoice is paid by a single check, we have an adding machine tape run to check the total. The discount allowance on each check is carefully scrutinized for accuracy. Should it be incorrect, we simply return the check to the drawer with a letter calling this to his attention.

The taking of unearned discounts is, with the Kolect-A-Matic system, one of the problems that can be easily controlled, for those few people who are prone to make a habit of this practice. The cards are marked upon the receipt of remittance that makes, what may be, an honest error, and if the practice is continued after being called to the customer's attention, we return the check with an explanatory letter.

When the invoice is pulled from the file, the age signal, which, as I have explained, is an orange celluloid

Whatever happened to Rob Nichols?



IF you're anywhere near middle age—one way or the other—you surely remember the old wheeze:

Straight Man: You ought to see our new street car conductor, Rob Nichols.

Comedian: They all do. What's his name?

That one always got a big laugh from everybody—with the exception of street car conductors. The reason for the exception is easy enough to understand. No man whose work entails financial responsibility likes being under the shadow of suspicion, even the sort of suspicion that emanates from the spirit of fun.

That's why, back in the early 'teens, when the

modern fare box was invented, the nation's street car conductors, instead of resenting the new contraption as a reflection on their integrity, welcomed it with unreserved enthusiasm. It put an end to irksome humor, embarrassing innuendoes and that feeling of always being watched. It put their work on a basis that is business-like . . . efficient . . . dignified.

It's the same with Fidelity Bonds. The bonded employee welcomes the business-like virtues of the bonding arrangement. He prefers its efficiency. He appreciates the dignity imparted to his position by a system which implies confidence in him as a person worthy of trust.

ALL FORMS OF FIDELITY, SURETY AND FORGERY BONDS

THE TRAVELERS INDEMNITY COMPANY

HARTFORD, CONNECTICUT

Credit Phases of Small Business

What Will Be Small Retailers Status After War?

The tide has been running against small business for many years, with the war, undoubtedly, dealing the most severe blow.

With the growth and development of big business, there naturally has been a handicap placed upon small business. Small business has been described as any concern with twenty employees or less, but this is rather a liberal interpretation. The scope of small business in reality is limited in a retail sense, to the average grocer, butcher, baker, druggist, confectioner, hardware dealer, men's furnishing store, cigar stores, dress shops, etc., etc. Visualize, if you will, the enormous number of these small enterprises which are operating throughout the country and which make up the real blood and sinew of trade.

These proprietors comprise men and women of all nationalities but in the main, there is a flow of American tradition in their blood stream, fortified by individual ruggedness. They have been battling against the elements in recent years but are still riding the waves and are, in no wise, sunk. The spirit of good old Yankee ingenuity can compensate for almost anything.

Difficulties of the Small Trader

TURNING back the pages, we find that the 5-and-10-cent chain stores many years ago dealt a severe blow to the small stores, particularly the old time dry goods and notion stores to the extent that they have almost become extinct. The chain grocery stores put a big crimp in the sales of the independent grocer and now the giant markets have come along to embarrass the chain store method of distribution. The small grocer is now caught between these two fires. The extension of credit by the independent grocer has been an important element in his ability to retain trade.

Do you remember the tall covered push carts which the neighborhood baker used in serving his customers?

By J. STANLEY THOMAS
Secretary-Manager, Credit Men's Association of Eastern Pennsylvania

He came around daily and did a nice business, and perhaps, a return to this system would do the bakery shops a lot of good right now. Tire and gasoline rationing has made it rather difficult for the big competitive companies to continue to operate on their customary scale.

During the depression many manufacturers, in an endeavor to retrench, practically discontinued their sales forces and started selling exclusively to the chain stores and large department stores. They were required to sell at lower prices but got out from under a heavy sales department expense, received prompt payment of the accounts and had virtually no bad debt losses. You can readily see, however, that the small dealer was excluded from receiving a certain amount of attractive merchandise which did not do his case any good. This situation has now been greatly magnified due to the War, because many manufacturers and wholesalers find they do not have sufficient goods to meet the demand, so are discriminating in favor of the larger well financed stores in filling orders.

Leaders as Trade Pullers

WHEN the chain grocery stores started to sell cigarettes at cut prices some years ago, it resulted in the small cigar stores losing an enormous amount of business. It has been the custom of the chain grocery stores to periodically sell special items not identified with the food industry at low prices and this has caused a setback to various types of small stores. In one case, a new item for which there was a splendid demand, was put on sale by the chain stores and the result was that many small shops returned their stocks to the jobber as they were unable to meet the competition. It seems that the chain stores

bought a carload of this particular item at a price which enabled them to undersell the other stores.

Some system of licensing to require a retail store to stick to its legitimate lines of merchandise would undoubtedly greatly benefit small merchants.

There is an enormous amount of merchandise being sold direct to private parties by manufacturers and wholesalers at trade prices to the detriment of retail merchants. It is a most unfair practice, and should be stopped either by the adoption of a constructive policy, or by government regulation.

There has been some talk of subsidizing small business but this would be bad as it would have a tendency to keep in business those who do not have the ability to successfully operate. We have been eternally subsidizing the farmer and he is still on our hands. Making it easy for a man to run into debt, has been and always will be disastrous.

Three Classes of Traders

THERE are three general classifications of merchants today:

- A. Capable of managing his business successfully and can secure sufficient goods to keep going.
- B. Capable manager but cannot get sufficient goods.
- C. Incapable of managing his business successfully, always has been and always will be.

Leonard A Drake, Regional Business Consultant in the Philadelphia District for the United States Department of Commerce, conducted a series of meetings, in conjunction with a number of organizations, known as the Philadelphia Plan for War Time Business Clinics with the one objective to assist small business. The meetings were well attended and splendid results were accomplished, some of the Trade Group conferences continuing for an indefinite period. The Senate Committee on Small



Manufacturing for War

The manufacture of aircraft equipment for the Government and the manufacture of Burroughs figuring and accounting equipment for the Army, Navy, U. S. Government and the nation's many war activities, are the vital tasks assigned to Burroughs in the Victory Program.

★
BACK THE ATTACK!
BUY MORE WAR BONDS
★

As a noteworthy instance, 700,000 different items of equipment and supplies in varying quantities crammed the convoys that carried American armies to conquest in North Africa—250,000 different items of ordnance; 100,000 different Engineer Corps articles; 68,000 different items of medical supplies and drugs; 10,000 different items for the Signal Corps; 390 different articles of clothing.

Countless hours of planning and figuring, as these statistics suggest, are essential in establishing the types and quantities of items needed . . . amassing them at the assigned embarkation points . . . dividing them strategically among the ships, to minimize the danger of crippling loss of any one item.

Allied superiority in the science of supply is increasingly obvious day by day. To the vital figure work involved, Burroughs adding, calculating, accounting and statistical machines bring a speed and an accuracy indispensable to the magnitude of the undertaking.

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICH.

Burroughs

FIGURING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES
Credit and Financial Management 23 November, 1943

Business, headed by Hon. James E. Murray, has set a five point program for his activities as follows:

1. Small business must be more effectively used in war production.
2. Small business must be more effectively used in meeting essential civilian needs.
3. Small business requires assistance in adjusting to certain war conditions.
4. Small business needs better access to capital.
5. If small business is to make its maximum contribution to American life, the Federal Government must improve its approach to small business problems.

Any small merchant who is entitled to a loan will have no difficulty in securing the money from bank. It would seem, all things considered, that small business is receiving plenty of attention. It is a foregone conclusion, however, that those who cannot help themselves, cannot be helped no matter how sincere an endeavor is put forth.

Playing a Game of Chance

IT is up to the credit man to size up the situation accurately and govern his action accordingly. Strange as it may seem, there have been an unusually large number of new enterprises launched considering the times and a survey made by the United States Department of Commerce discloses that few of the ventures were justified. In other words, these proprietors had an idea and without carefully considering it from every angle, launched their enterprises purely on the basis of a game of chance. Some of them closed their doors within the period of a few months.

The small wholesalers and manufacturers are having a hard time, too, but are not passing out of the picture as fast as was anticipated. Adding new lines of merchandise and converting to war work have been the principal methods used to remain in business.

Notwithstanding the opinion of some authorities to the contrary, the wholesaler renders a service which justifies his existence and he will always play an important part in distribution. The decentralization of industry has helped his case for, instead of stocks only being carried in the large cities the smaller communi-

ties now have within their borders numerous independent wholesale houses. The wholesaler today spreads out in a vast network throughout the entire United States, making immediate delivery to retailers and industrialists. For instance, the manufacturer is a big customer of the wholesale electrical supply house and the prompt delivery of materials means a lot to him in speeding up production. With long-distance shipping facilities so badly jammed up today, a supply house in any community is a real expedient.

SWPC to Aid of Small Business

THE "Smaller War Plants Corporation" is now functioning, its object being to insure that small busi-

ness concerns will be most effectively and efficiently utilized in the production of articles, equipment, supplies and materials for both war and essential civilian purposes. It is doing very good work.

Credit men and women should be mindful of the important part small business plays in commerce and extend credit freely when it is deserved. Give the small store a break in the allotment of merchandise for his biggest problem right now is, naturally, to secure sufficient goods to keep going. On the other hand, if he does not possess the ability to successfully operate his business, by no means are you justified in endeavoring to help him for purely sentimental reasons.

What Kind of a National Economy After the War

(Continued from Page 13)

search Advisory Board chairmaned by Professor Summer Slichter of Harvard and including, on a full-time basis, Professor Theodore Yntema of Chicago University.

I mention these names because you know the reputation of the men. Who among you wouldn't like to have them on your staff? Research work has been done, and reports will soon be issued on such subjects as the orderly disposal of defense plants now owned by the government; surplus stocks; termination of war contracts and termination of wartime regulations. A report is also coming on tax laws—than which, what subject is more timely?

You will hear much about these reports; they will, of course, be available to all cooperating companies and associations.

Already CED has appointed some 700 Community Chairmen out of a possible 1,000. Ideas from these committees flow into national headquarters so that an idea which originated, say, in Oshkosh may be passed on and applied in Syracuse. There isn't a man or woman in this room who couldn't contribute ideas from his own experience which would be helpful to others. That's one reason you're here today. When the three million independent business men of our country get back of a movement such as CED there is bound to be action.

No One Doubts Need for Plans

ONCE the magnitude of the task before us is realized, all doubt as to the need of our preparing now to win the peace should be liquidated. At least so it seems to the Committee for Economic Development. Once the facts are faced, two conclusions are inescapable.

1. Individual enterprise must start now to plan their own postwar markets; and

2. The economic "climate" in the postwar period must be favorable to the expansion of enterprise. Changes must be made not only in those policies adopted as war measures, but all policies of government, business and labor that stifle initiative and interfere with expanding production and employment.

It is to those two objectives that the Committee for Economic Development hopes to make its contribution.

In my own work as Chairman of Carrier Corporation's Postwar Planning Group, I find CED a gold mine of information and a source of help and inspiration not available any place else to my knowledge.

To talk about the work of this Committee without dwelling on the subject of postwar planning is obviously impossible. Tomorrow, however, you have a treat in store when Dwayne Orton addresses you on this postwar planning subject. It has been my privilege to hear Mr. Orton

and in listening to him I am sitting at the feet of the master. I hope to hear him again tomorrow.

In closing may I refer back to our parable. When nations are suffering through periods of adversity people become easily disillusioned with the futility of their world. In America we have passed through a decade and a half of trying times—a period of “wars and threats of wars” of sacrifice, hardships and unemployment. We face another long period of painful reconstruction. It takes brave men with stout hearts to hold true to the faith of our fathers. Let us, in terms of the allegory, listen to the “wise men” among us and follow them “back along the road of independence, through the vale of hard work, until we come once more upon

the hills of the true perspective from whence our eyes can fall upon the broad plains of opportunity—and there will be great rejoicing.”

Accounts Receivable System

(Continued from Page 20)

Like all credit executives, we are faced with the problem of the old customer who has skyrocketed into activity during the war, frequently owing to government contracts. It is very difficult to apply the usual credit standards to small machine shops which have been going along with you for years in a conservative way, and suddenly wish to quintuple their orders. We, like all other com-

panies, are obliged to base our judgment of these accounts on the basis of past relations, the management's ability, and the conditions of the times.

There are times when I okay an order and I feel like the old lady of many years ago who was going to church in the family surrey when her horse bolted and threw her in the road. When she arrived at the church, a fellow member asked her, “Did you put your faith in God, Sister Helen?” “I did,” she replied, “until the traces broke, and then I jumped.” So with all respect to any system in the world (and I think ours is a very good one) the sensible granting of credit remains, after all, a matter of mature judgment on the part of the credit executive.

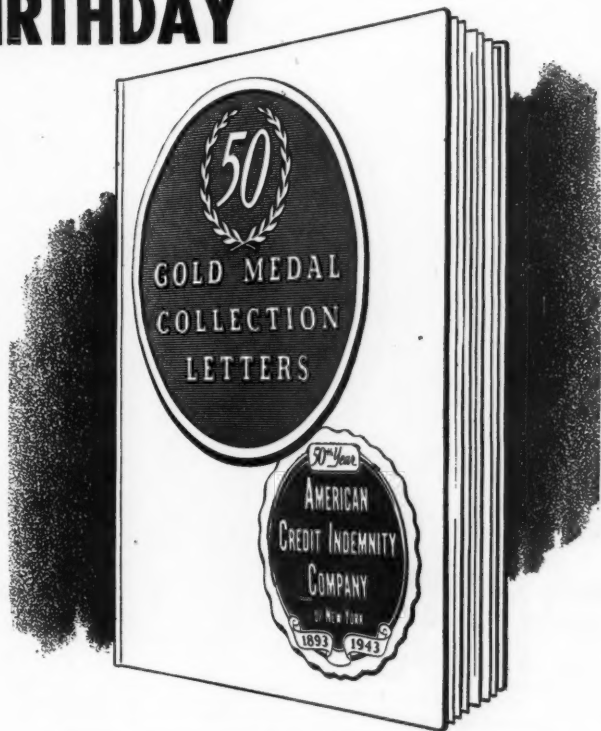
A PRESENT FOR OUR BUSINESS FRIENDS ON AMERICAN'S 50TH BIRTHDAY

In this book are the most effective collection letters in use today . . . 50 Prize Winning Gold Medal Collection Letters selected as the best of nearly 1000 entered in American's 50th Anniversary Collection Letter Contest.

Each of the 50 is a proved collection letter . . . each has proved successful in extracting money from slow accounts . . . even more important, each letter contains an individual *idea* easily expressed in your own words. All 50 Gold Medal Collection Letters will be useful in your daily work.

This is the present American Credit has prepared for our business friends as part of our 50th Anniversary celebration.

Write or send the coupon for your FREE copy. 50 Gold Medal Collection Letters will be sent you without delay . . . without cost . . . and, of course, without obligation.



J. F. McFadden, PRESIDENT
FIRST NATIONAL BANK BLDG.
Baltimore

American Credit Indemnity Company of New York
First National Bank Building
Baltimore-2, Maryland

I should appreciate receiving a FREE copy of 50 Gold Medal Collection Letters.

Name.....

Company.....

Street.....

City..... State.....

Guarantees Payment of Your Accounts Receivable

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA



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Do We Need a Stabilization Plan?

(Continued from Page 15)

is some advantage in using existing organizations to do this job, rather than creating new ones.

It is also suggested that the Tripartite Agreement sets up a pattern which might be expanded; which brings us to the current division between the proponents of a plan as to how it should take form. The current division, broadly, is between the viewpoint expressed by the Treasury, which is to get all the countries concerned together, and do the job at one time, and in one piece, and that school, represented in part by Mr. John Williams, Vice-President of the Federal Reserve Bank of New York, and by Mr. Riddle, and in part by the report of the American Bankers Association, in which they say that perhaps a better approach is what is known as the key country approach.

Must "Straighten-out" Dollar

IT seems rather obvious that the first job we have to do is to get the dollar straightened out. We have already taken great strides in that direction by not renewing the President's power to revalue the gold behind the dollar.

Having re-established the dollar in the minds of International traders, let us bring sterling up beside it, steady sterling, and arrive at a basis that we think will hold with relation to the pound sterling and the dollar.

When that is done, then the countries that are satellites in the sterling bloc are automatically brought into the fold. The Scandinavian countries found out very promptly, after Great Britain went off the gold standard in 1931 or '32, that they must adjust their currencies accordingly, because so much of their economy had depended upon sales to Great Britain, that they had to adjust themselves to sterling. Holland adopted the other course, and was still hanging bitterly to it by a narrow thread, when the war ended their struggles.

In any event, the argument seems very plausible: Why not do the dollar-pound-sterling job first, then bring in the sterling satellite countries, and then the Western Hemisphere countries; and by that time, do-

ing it piecemeal, you have the job done an easy way instead of doing what seems, in theory, a most difficult task—that of getting all the countries concerned together, and trying to do it as one single job.

Amendments Proposed in Vinson Bill

(Continued from Page 17)

ments, the Maritime Commission, the War Shipping Administration, the Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation and Rubber Reserve Company would be governed by the statute.

(2) To further clarify the term "excessive profits" the bill sets forth the following factors shall be used in determining whether excessive profit has been made on a contract or sub-contract:

- "(a) stimulation of quantity production;
- "(b) stimulation of efficient production;
- "(c) low unit cost;
- "(d) amount of private capital employed;
- "(e) extent of Government financing;
- "(f) quality of product;
- "(g) pre-war profits;
- "(h) pre-war net worth;
- "(i) relation of volume of production to margin of profit;
- "(j) economy in use of materials, facilities, and manpower;
- "(k) complexity of operation of service;
- "(l) rate of turn-over;
- "(m) inventive and developmental contribution
- "(n) cooperation; and
- "(o) technical assistance supplied to other producers."

(3) A contractor would be enabled to appeal to the Circuit Court of Appeals for a review of any action taken on Renegotiating his contracts.

(4) The Secretary of the Procurement Agency concerned is required to submit to the contractor or subcontractor a statement of his findings, showing how the Procurement Service arrived at the figures in setting up a change in the price indicated in the contract. In other

words, the Procurement Service, if this amendment becomes effective, would not be permitted to say, as is the case at present, "You had a million dollar contract; you made two hundred thousand dollars; you must return one hundred thousand of that to the Government." The agency under the supposed amendment would be called upon to set forth a definite statement as to how the figures were decided upon.

The Vinson Bill does not change the amount of contract total from \$100,000 to \$500,000 as proposed in the report of the Truman Committee.

Readers are warned that all of the above comment is relative to a bill which is only now in the status of consideration by subcommittee. The next move would be for a report of the subcommittee to be made to the entire Ways and Means Committee and then after consideration by the whole Ways and Means Committee to have that body reporting to the House of Representatives.

Philadelphia Lawyer Warns of "Snooping"

At a joint luncheon of the Hardware Manufacturers' Credit Group and the Electric Manufacturers Supply Group of the National Association of Credit Men, held at the Commodore Hotel, New York City, on Oct. 21, Edward H. Cushman, Esq., of the Philadelphia bar, warned that one of the amendments proposed in the Vinson Bill, now under consideration by the House Ways and Means Subcommittee, contained one feature that might be found dangerous to industry. He referred to the provision for making public the facts and figures which result from every renegotiation case. He said in part:

"Unless the pending Vinson Bill is modified, business will be faced with 'competitive snooping.' Nothing is so vital to you as to decide whether or not you are for or against the publication, as a matter of public record, production cost information contained in renegotiation statements."

The bill, he pointed out, provides that the secretaries of procurement authorities may publish and make available, when they judge such disclosures to be in the public interest, a statement of findings of facts upon which the establishment of excess



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profits were based. Such statements, Mr. Cushman explained, inevitably will contain cost and production data "and other trade secrets." Making such information available to competitors "for the price of a photostat will bring about a return of the competitive snooping which occurred in the days of NRA," he added.

This provision of the bill, Mr. Cushman continued, has been advocated as a means of bringing about uniformity in renegotiations. However, he added, such uniformity is the constant aim of the procurement agencies and other provisions of the bill will aid the attainment of this objective. The setting forth of 15 principles, or standards, as an aid in the determination of excess profits should be of considerable aid in this respect. Once these principles are legislated, he asserted, courts of review will be in a better position to determine whether "lip service" is being paid the principles or whether they are being honored.

Turning to other renegotiation developments, Mr. Cushman stated "there is a trend in the ordnance department to allow subcontractors deductions for the bonuses they pay salesmen to get contracts for them." However, he said, brokers, who have been comparatively untouched by renegotiation, can expect renegotiation on sums exceeding \$25,000.

At the same time Mr. Cushman questioned whether in the case of the building construction field the use of the years 1936 to 1942 as a base for determining excess profits "is fair to the industry." Building activity in those years, he stated, was low and figures taken from such a base do not give a true average. He suggested the use of a 10-year period as a base.

"Those of you who remember the days of the NRA when some of your competitors were only too happy to serve on the board and find out all they could about your business, recognize what will happen, if there is made public the complete records of your war contracts so your competitor can find out that which otherwise he wouldn't know and which is none of his business.

"I think, personally, that the bad feature overrides the good feature; but it is interesting to note that Congressman Morse joins with the majority committee in recommending this publicity. The statute proposes

to compromise in this way; they say: "Any subcontractor or contractor may make written disclaimer to the Secretary; thereupon the Secretary only releases such part of the data which in his judgment is in the public interest. Copies of such information may be made available, may be furnished to persons, under such limitations as the Secretary may prescribe."

"I think the various agencies are trying their best to be uniform, and I don't believe their procedure will be made more uniform if the records of the various companies are made public. I believe that standards should be set in general language.

"Then, there is the question whether those standards have been applied; because no two companies have identical facts and identical problems, and, personally, I don't like the suggestion for publicity even with the qualification that if you can convince the Secretary that your report shouldn't be made public in whole he then can make it public in part."

Change of Heart

The late Baron de Rothschild once had a valet named Alphonse, an excellent servant whose only fault (in the baron's eyes) was his following after socialism. The man was a sedate, harmless fellow, however, whose demonstration against his master's capitalism amounted to nothing more than a weekly attendance at a meeting of Socialists, and so the baron raised no objection to his political faith.

One week Alphonse failed to attend the meeting. The baron thought he might have forgotten the night, but when the next week Alphonse again absented himself from the meeting, de Rothschild asked for an explanation.

"Sir," replied the valet, regarding his master very soberly, "some of the party members with whom I was mistakenly associated have worked out a calculation that if all the wealth in France were divided equally per capita, each individual would be the possessor of two thousand francs."

"Well," exclaimed the baron, "what of it?"

"Just this, sir," replied the enlightened Alphonse, "I have five thousand francs now."

Government Surplus Materials and Equipment

By LEO A. STACK, Chicago

Concern is being evidenced now in official Washington over the disposition of surplus war supplies when hostilities cease and we are again immediately confronted with the problems of post-war economy and adjustment. A myriad of products of every conceivable nature, hastily accumulated under duress of war, will require disposition into commercial channels after studied thought.


The view is expressed in some schools of thought that war conditions are an excuse and condone inefficiency and wasteful practices; but by what logical, straightforward reasoning can such thoughts and action be justified? Granted that inexperience of some of those charged with the grave responsibility of purchasing and allocating materials under duress of war may contribute to such costly practice, yet by very reason of the tremendous cost of total war, it is immediately incumbent upon every individual concerned with government purchases to adhere to a strict buying policy in which caution is the watchword. His is the grave responsibility of spending vast sums for the necessary supplies required currently and in anticipation of immediate future needs; spending cautiously, looking forward to the possibility of a not too distant termination of the war.

In this respect, Government purchases should always be patterned after sound practices of private enterprise, for the need for good housekeeping is infinitely greater than for any individual or corporate buyer. Some of the buying methods pursued by our various government divisions will, to a varying degree of intensity, result in large surplus stocks of unused and used materials when the peace has been declared. It is not presumptuous to say that such stocks will exceed by far those resulting from World War I, for the reason that our last conflict was a "Skirmish" in comparison with the global war now being waged. These surplus stocks must not be permitted to affect the normal trend of business.

Surplus stocks of war materials, a

quarter of a century ago, were truly distressing to our domestic economy of the day and affected many industries adversely to varying degrees of intensity. We should profit by this experience. In these days of plan-

ning for post-war activities, let us not overlook by sheer disinterest or lack of full understanding the potentialities for good or bad in the question of disposal of these surplus war goods. Such surplus of materials will have been paid for by our government by taxation, your money and mine; burdensome taxation which will affect our national economy for many years and probably several generations to come. In some quarters, it is said that this heavy tax burden will




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remain for as much as 40 years based on present government expenditures in the prosecution of the war. Let us not add to our burdens the problem of indiscriminate disposal of surplus stocks of materials and equipment lest it again disturb, painfully, the orderly marketing of such materials through regular channels and seriously affect the credit stability of many firms who may be harmed by such action.

A constructive suggestion, which may be offered to our government officials by industry leaders, might

follow a pattern along the following lines:

An inventory of all available supplies and equipment and location.

A listing of cost per unit to the government and an estimate of current replacement value.

An incentive to buy discount of perhaps 10-15 per cent to retailers or distributors.

A special offer to wholesalers or jobbers for quantity purchases too large for retail distribution or unsuited for such handling.

Allotment: Each purchaser to have the privilege of purchasing or being allotted quantities which shall not be in excess of 10 per cent of the average quantity purchased or used each year, over a five-year period, prior to Jan. 1, 1942.

Terms of purchase: Net cash in 30 days. Interest computed at a nominal rate of 3 per cent per annum for extended payment terms beyond 30 days, but full discharge of debt limited to two years after purchase date.

Disposal of surplus supplies to be effected through the coordinated efforts of personnel of direct branch of the U. S. Army and the U. S. Navy under special oath and authority and the direction of the U. S. Department of Commerce. Representatives of various trade organizations for the respective industries involved could represent buyers as a group, where feasible. Individual buyers without trade organization contacts shall apply direct to regional offices of the Department of Commerce or designated surplus outlet.

It shall be the intent and express purpose of disposing of all surplus supplies to all citizens of the United States and its possessions, without favor or prejudice, and to the end that such disposal shall not influence adversely the routine course of normal business for any given industry or commodity. Should the supplies available be of such large quantities or quality/or by reason of technological advances made in such products affect ready disposition for use in this country or its possessions, then such equipment and materials shall be offered for sale to foreign governments at suitable prices to justify movement overseas. Canadian purchasers would be offered such equipment and materials at substantially the same price and terms as offered to American purchasers.

The end of hostilities will bring forth a tremendous demand for new and replacement equipment of all kinds, both here and abroad. There is every reason to believe that the orderly planned disposal of surplus equipment, along the lines mentioned herein and as progressive experience may dictate, will prove to be a mighty potent force in rebuilding not only our own domestic economy, but will aid immeasurably in the rehabilitation of a war-torn world.

The many trade organizations throughout the country could formulate plans for disposition of materials which would win the approval and the cooperation of the various governmental units charged with this problem. It is an opportunity for private business and enterprise to help lead the way back; to ride again in its own saddle. It would help to allay or prevent financial default of many companies. It is a patriotic and timely suggestion to help influence government policies by private industry and such a plan should gain widespread interest and action now.

A Will of His Own

Frank W. Gettes, one-time president of the National Association of Retail Credit Men, while attending the sessions of his organization near Lexington, Virginia, decided to take time out to visit the old Virginia Military Institute, where, at the outbreak of the Civil War, "Stonewall" Jackson had been serving as professor of natural history. The visitor had the good fortune to encounter an ancient negro who, as a boy, had served the General.

The old fellow gave a detailed, if apocryphal, account of the old soldier's career, and ended it with, "En now he's done gone whar we's all gotter go."

"Gone to Heaven, I hope," exclaimed Gettes.

"Well, suh," replied the ancient ducky, "I dunno 'bout dat."

"What? You don't think he deserved it?"

"Bless you, suh," grinned the skeptic, "he done deserve it all right. But yo' see it's this-a-way: Mars Jackson he'd a strong will and peculiar tastes, en' whether he's in Hebben 'pends altogether on whether he wanted to go dar."

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New Interpretations Issued on CMP Regulation No. 1

NE The distinction between the use of allotment numbers for identification purposes by Class A and Class B product manufacturers has been clarified through the issuance of Interpretation 19 to CMP Regulation 1, the War Production Board has announced.

A manufacturer of a Class B product ordering production material needed to make the Class B product must use the allotment number identifying his allotment and authorized production schedule in placing orders for such production material. Such manufacturers must not use the allotment numbers appearing on orders placed with them by their customers.

For example, a manufacturer of electric motor controls receives an allotment of controlled materials identified by the allotment number J-3 from the War Production Board, together with a preference rating. When he orders production material to make electric motor controls, he will use the symbol J-3 on his orders. Orders for electric motor controls placed with him by his customer will bear allotment numbers such as B-4, W-3, G-6, U-1, and others. The electric motor control manufacturer may not use these allotment numbers in placing orders for the production material for the manufacture of the controls.

Manufacturers of Class A products, however, receive allotments from their customers, rather than from WPB, and therefore use the allotment numbers appearing on such customers' orders when they order production material needed to make Class A products. For example, a manufacturer of a Class A product who receives an order from a customer and an allotment of controlled materials identified by the allotment number O-5, will use the same allotment number O-5 in placing his orders for production materials needed to manufacture the Class A product. If he receives an order for his Class A product from a manufacturer of a Class B product with an allotment, identified by the allotment number J-3, he will use this number in placing his orders for production materials.

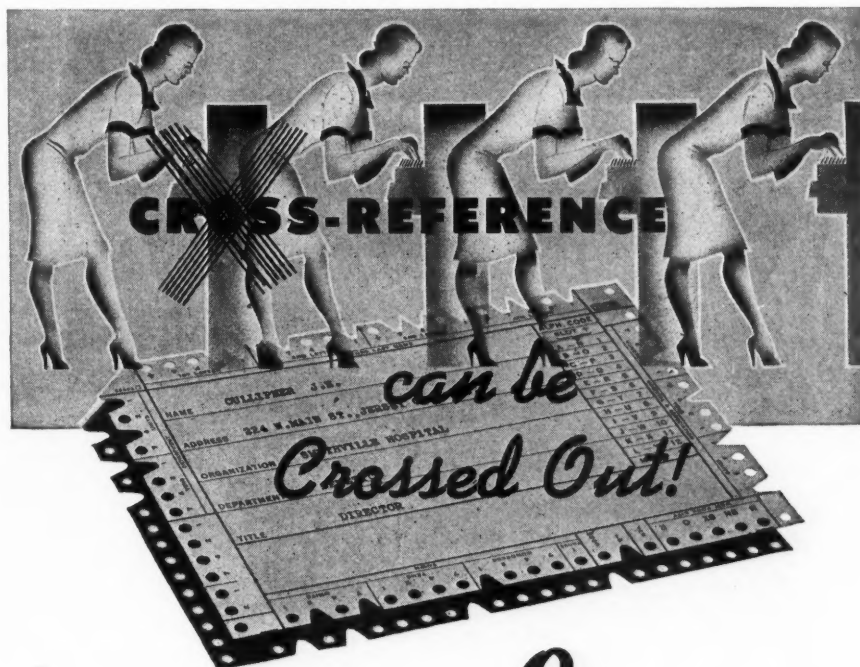
The interpretation also calls attention to the fact that an allotment

number or symbol alone never constitutes an allotment of controlled materials. In making an allotment a consumer must specify the controlled material and the exact quantity allotted, and under Paragraph (f) of CMP Regulation No. 1 allotments must be made only in the form and shape in which they are allotted to the person making the allotment.

Revocation of Direction 13 to CMP Regulation No. 1, dealing with Complete Bills of Materials, was announced by the War Production Board on Oct. 9. This action is taken because prime and secondary con-

sumers may no longer be required to submit complete bills of materials according to Supplement No. 1 issued Sept. 25, 1943, to the "Instructions on Bills of Materials."

A revision of Priorities Regulation No. 16, governing the filing, granting and denial of appeals from various L and M orders of the War Production Board, was issued Oct. 8. Of principal interest to manufacturers is the new List A to the regulation, enumerating orders from which appeals must be filed with WPB regional offices. This list now includes more than 180 such orders and is further evidence of WPB's continuing decentralization.

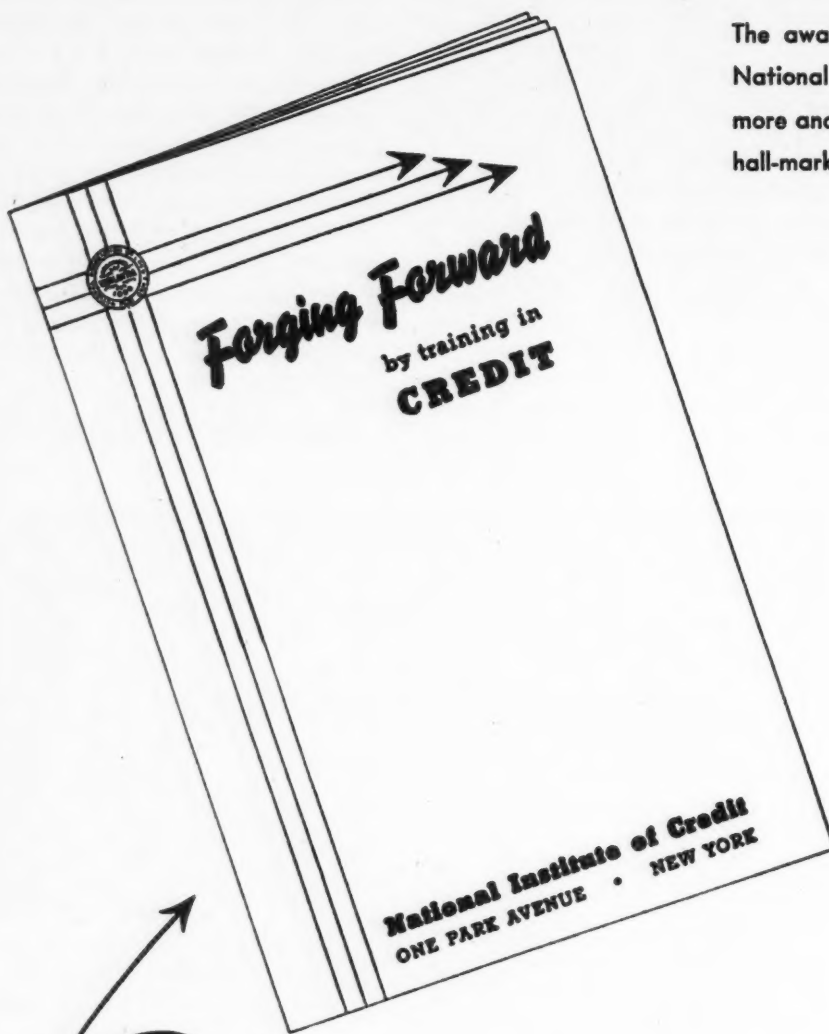


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NEWS ABOUT CREDIT MATTERS

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November, 1943

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War Problems First at Syracuse Session of Tri-State "C" Men

Syracuse: The 29th annual Tri-State Conference of No. 2 District, which includes all of New York State, New Jersey and Eastern, Pa., drew a registration of nearly 500 here on October 11, 12 and 13. With a program filled with talks on subjects of special interest to credit and financial executives, the delegates seemed to be unanimous in the opinion that the Syracuse Conference was one of the best in the long tradition of this district.

The Secretaries of the Eastern Division held an all day session on Monday, October 11, at which a number of problems relating to Association management were discussed.

The reception on Monday evening to visiting delegates started the conference off on a friendly plane. The visitors were served coffee and doughnuts in the foyer just before the opening of the main conference session on Tuesday morning, an innovation that proved very popular with the delegates.

After the usual addresses of welcome and responses, addresses were presented by J. M. Bickel, of the Carrier Corporation and vice chairman for the Syracuse District for the Committee for Economic Development; also, by Charles J. Siegel, directing editor of the tax department of the Research Institute of America. The text of both of these addresses is presented elsewhere in this issue.

On Tuesday afternoon, W. Randolph Montgomery, General Counsel of the National Association of Credit Men, presented a summary of state laws on the assignment of accounts receivable. This was followed by an inspirational talk by Ralph W. Carney of Wichita on "Industry Goes to War."

At the banquet on Tuesday evening President Paul W. Miller, of the National Association, and Henry H. Heimann, Executive Manager-on-leave gave short messages of greeting to the delegates. The principal speaker at the banquet was Strickland Gillilan, a well known lecturer and commentator on Washington affairs.

On Wednesday morning the conference continued to discuss post-war plans with talks by George B. Robinson, of the New York State Division of Commerce, and Dwayne Orton, director of education of the International Business Machines Company of Endicott, N. Y.

Named to St. Louis Post

St. Louis: A. E. Fisher, who has served the St. Louis Association for a number of years in various capacities, has been chosen by the Board of Directors of the St. Louis Association of Credit Men to succeed the late Orville Livingston as Secretary-Manager. Mr. Fisher was formerly a credit executive with one of the St. Louis companies and has been actively engaged in Association work for a number of years.

New Yorkers Pack Big Auditorium to Hear of War Contract Problems

New York: One of the largest forum meetings of the New York Credit Men's Association was held on October 5, the general subject being "Settlement of Terminated War Contracts." The forum was held in the large auditorium of the Old Engineers Club on West 39th Street.

Col. Bryan Houston and Major Elbridge Stratton, of the Purchases Division for the New York Ordnance District, gave very interesting talks on what plans the War Department has for handling terminated settlements. While the forum was held on October 5, it is interesting to know that the items presented by both Col. Houston and Major Stratton were in general conformity with the declaration which was issued by the National Association of Credit Men on October 19 (the text of this declaration will be found on page No. 4 of this issue).

Harry J. Delaney, Vice President, Meinhard, Greef & Co., Inc., and National Director for the New York area, served as chairman of the meeting as he is chairman of the forum public meetings committee of the association.

Chairman Delaney served as quiz master after the talks made by the Army officials, presenting questions sent up from the front of the auditorium, and both Col. Houston and Major Stratton graciously answered these questions.

Chicago: The November Forum of The Chicago Association of Credit Men is scheduled for Tuesday evening, November 16 at the LaSalle Hotel, the subject for the evening being "The Financing of War Contracts and Getting Paid for Them."

Mid-West Women's Clubs Gather at Chicago Session

Chicago: The Credit Women's Club of the Chicago Association of Credit Men entertained the credit women of the mid-western Associations at a War Conference held at the Edgewater Beach Hotel, Chicago, on October 16 and 17, a total of 150 delegates attending the main dinner meeting.

The conference opened with a reception for visiting credit women from 3:00 to 5:00 P. M. The conference proper started with a dinner meeting which was presided over by Ruth C. Johnson, president of the Credit Women's Club of Chicago and Credit Manager for the Century Metalcraft Corporation. C. L. Holman, acting president of the Chicago Association, welcomed the visitors on behalf of the Chicagoans. Miss Irene Austin, chairman for the current year of the National Credit Women's Executive Committee and general credit manager for the Consolidated Biscuit Company of Chicago, then introduced Robert L. Simpson, president of the C. T. Patterson Co., Inc., in New Orleans, and National vice president for the Central Division of the National Association of Credit Men. Mr. Simpson spoke of the many benefits that were offered in a membership in the National Association of Credit Men and pointed out a number of the important problems that the Association is working on at this time, including legislative matters and especially that of taxation which he pointed out was of prime importance to American industry.

National President Paul W. Miller had expected to attend the conference but was unable to do so because of the serious illness of his mother which resulted in her death on the day he planned to leave for the conference.

On Sunday morning the business session of the Conference was held in conjunction with the regular monthly meeting of the Chicago Credit Women's Club at a breakfast session held at the Edgewater Beach Hotel. The meeting of the Chicago Club was held in its usual order so as to demonstrate to the visitors how the Chicagoans conduct their meetings.

At the conference of the visiting clubwomen it was announced that Pittsburgh and Minneapolis had extended invitations for the next annual conference, but Pittsburgh was the choice of the delegates hav-

ing been the first to file its invitation.

It was noted there were 61 delegates from out of town. These came from Cincinnati, Cleveland, Detroit, Louisville, Marshfield, Milwaukee, Minneapolis, Pittsburgh, and Toledo, Ohio.

Opinions heard during and after the conference were that such meetings are beneficial in developing a spirit for Association work and club activities.

Rochester: The following will serve as officers of the Rochester Credit Women's Club for the year 1943-44: Miss Ruth M. Owen, J. Hungerford Smith Company, Chairman; Mrs. Marion Fallon, The Haloid Company, 1st Vice Chairman; Miss Elsie Hoesterey, Timely Clothes, Inc., 2nd Vice Chairman; Mrs. Dolores Case, Taylor Instrument Companies, Secretary; Miss Lois Enright, Rochester Credit Men's Service Corp., Treasurer. Dinner meetings will take place on the fourth Tuesday of each month.

Philadelphia: James V. Marron, The Yale & Towne Mfg. Company and president of the Credit Men's Association of Eastern Pa., was the speaker at the October 21 dinner meeting of the Philadelphia Credit Women's Club. Mr. Marron's subject was "Credit Today and in the Future." A list of committee appointments was also announced at this meeting.

Detroit: Margaret Tiernan, credit manager, Hartwig Electric Company of Detroit, has been elected to the Board of Directors of the Detroit Credit Men's Association, being the first woman to have held a membership on the Detroit board. Mrs. Tiernan is a past president of the Credit Women's Club of Detroit and has attended a large number of National conventions.

Binghamton: Robert L. Griffiths, National Vice President from Utica, New York, was the speaker at the October 21 meeting of the Triple Cities Credit Women's Club. His subject was "Credit—Past, Present, and Future."

Newark: The New Jersey Credit Women's Club held its initial dinner meeting of the fall season on October 19. A talk given by S. Guernsey Jones, of the National Newark and Essex Banking Company, on "Banking Credit" proved very interesting to a large crowd in attendance.

Los Angeles: The first fall meeting of the Los Angeles Herd of Zebras was held on October 7 at the Cabillo Hotel. The meeting had the usual program of entertainment which was followed by a serious discussion of how the Los Angeles Herd might best take part in the big membership campaign plan for November and December.

St. Paul: Miss Isabelle Wright has been re-elected president of the St. Paul Credit Women's Club. Other officers elected to serve for the coming year are: Inez Rude, vice-president; Edna LeMay, secretary; and Hazel Olson, treasurer.

On August 20th and 21st six members attended the North Central Credit Conference in Duluth.

Atlanta: Mrs. James W. Miller, mother of our National President, Paul W. Miller, died at Little Rock, Arkansas, on Friday, October 15th. President Miller has the sympathy of the entire membership of N.A.C.M. in this time of grief.

Seattle Members Will Compete for War Bonds in Drive for Members

Seattle: E. L. Smythe is chairman of the membership contest which really started last May but is only now getting under full steam. This contest will continue until April 17, 1944. Some of the features of the contest are the award of a hundred dollar war bond to all members who score 20 or more membership points before April 17. The award of points is on the following basis:

One complete membership, 4 points.

Conversion of an associate membership to complete membership, 3 points.

One associate membership, 1 point.

Construction Industries membership, 1 point.

All those who do not qualify for a hundred dollar bond will be enabled to take part in a drawing for a fifty dollar bond and also a hundred dollar bond. Those who score four or more membership points but do not get up to the total of twenty will be in one class while those who score one point but do not get up to four points or more will be classified in another drawing for a fifty dollar bond. Only authorized representatives of member firms are permitted to take part in the contest. A number of special awards are also being made between September 20 and November 27 in this contest.

Advertising Expert Talks at South Bend On Post War Economics

South Bend: Homer McKee, Vice President of Roche, Williams & Cunningham Advertising Agency, Chicago, was the speaker at the October 21st dinner meeting of the South Bend Association of Credit Men. Mr. McKee's subject was "Bread, Butter and Beefsteak." In this talk he discussed the practical phases of the American Free Enterprise System. Mr. McKee had a stirring message and presented it in an appealing manner.

Philadelphians Will Hear Five Lectures On Credit Subjects

Philadelphia: During the month of October a series of five timely lectures on subjects affecting credit were inaugurated by the Credit Men's Association of Eastern Pa. under the direction of Clarence E. Wolfinger, Chairman of the Educa-

505 Attend Forum on War Contracts at Indianapolis

Indianapolis: The Indianapolis Association tried an experiment October 6, which was highly successful—had a night meeting, without serving a dinner for obvious reasons, the result being the Columbia Club ballroom was jammed to capacity with 505 attending. Members ate before 6:15 P. M. where they pleased and the meeting adjourned at 8:00. Three high-ranking officers from the Cincinnati Ordnance District, which has charge of the Indianapolis area, answered authoritatively all questions submitted from the audience about the termination of war contracts. Veteran members said in some respects it was the most interesting meeting the Association ever had.

Since Pearl Harbor a majority of the new members at Indianapolis have come from prime and sub-contractors of war materials, and the Indianapolis Association finds all of its membership, whether directly engaged in war production or not, are intensely interested in how quickly industry can reconvert, both while the war is on and after.

It is interesting to note the Indianapolis Association has doubled its membership in seven years, shows consistent gains month after month (in September they signed on sixteen new members) and President R. O. Bonner states they will be glad to share the secret of how they are doing it. Mr. Bonner said Louisville ranks first of all Associations for all round general coverage of its market in all phases of Association work; that Indianapolis ranks second. He asks that any Association interested in Indianapolis membership promotion methods address G. C. (Gus) Klippel, Van Camp Hardware & Iron Co., 401 W. Maryland Street, Indianapolis, who is National Director for the Fifth District.

tional Committee. The subjects discussed at these lectures and the dates of each are: October 18th, "Contract Law"; October 25th, "Credit Systems and Policies"; November 1st, "Foreign Credits"; November 8th, "Major Credit Trends"; and November 15th, "Business Mortality as Affected by the War." Tickets for the complete series were sold for \$10.00 which were transferable so that if a purchaser could not attend, he could make his ticket available to a friend.

Four Past Presidents At Louisville Dinner

Louisville: The dinner meeting of the Directors of the Louisville Credit Men's Association and the Adjustment Bureau of the local Association was held on October 14th and received the monthly statement of the Association Departments and Bureaus for the month of September. At this meeting, Past Presidents of the local Association were invited, four being present.

Industry Credit Group Dinner of Chicago Association Hears of Post War Problems

Chicago: More than 350 members of The Chicago Association of Credit Men and their guests sat down at the annual Industry Credit Group dinner of the Association in the Merchants & Manufacturers Club in the Merchandise Mart, Wednesday evening, Oct. 13.

C. L. Holman, Wilson Brothers, First Vice-President of the Association, presided over the post-prandial program in the absence of President G. H. Nippert, The Procter & Gamble Distributing Company, who is in Arizona recuperating from a recent illness.

The Variety Store Suppliers Group was awarded the annual cup presented to the Group having the best record of attendance throughout the year. The trophy was accepted for the Group by A. H. Sherbahn, The Boye Needle Company. The Manufacturing Confectioners Credit Group stood second and the Industrial Sup-

plies and Machinery Group stood third.

A guest Group was the National Construction Machinery Credit Group members who were holding their fall conference in Chicago at that time.

The speaker of the evening was Walter H. Gardner, General Sales Manager of the Keystone Steel & Wire Company of Peoria.

Mr. Gardner is the chairman for Northern Illinois of the Committee for Economic Development. Under the direction of Mr. Gardner, Peoria was the first city in the country to make a survey under three phases, employment in 1940, employment in 1942, and an estimate of post-war employment. This survey was published in pamphlet form by the Committee for Economic Development with the title "The Story of Peoria" and it was given wide circulation throughout the United States.

Petroleum Division Holds 3 Day Session on War Credit Problems

St. Louis: The 19th annual conference of the Petroleum Division, National Association of Credit Men, was held here on October 25, 26 and 27 at the Coronado Hotel. The program was divided into three main subjects which affect the petroleum industry.

The Monday subject was "Retail Credit—Today and Tomorrow." This subject was discussed by J. Gordon Dakins, Educational Director, National Retail Credit Association, during the morning sessions, and during the afternoon session forum discussion of this subject was continued throughout the day.

On Tuesday, the subject of "Taxation," especially Federal taxes, was discussed by Attorney Ralph R. Neuhoft, lecturer on Taxation at the Washington University School of Law. This was followed by forum discussions for the balance of the morning and afternoon.

For the Wednesday session the Petroleum men discussed the past, present and future of OPA. This discussion was led by William H. Bryan, District Director of the St. Louis District Office of the OPA.

Philadelphians Hear Talk on Insurance

Philadelphia: Harold E. Taylor, Associate Director, Research and Development Division, American Insurance Company of Newark, was the speaker at the Tuesday luncheon meeting of the Credit Men's

Association of Eastern Pa. on October 19th. Mr. Taylor's subject was "The Influence of Insurance Upon Credit." In his talk Mr. Taylor stressed the importance of keeping definite information about insurance coverage in credit files so as to know how the credit assets would be protected in case of disaster.

War Problems Are Discussed During Green Bay Meeting

Green Bay: After a day spent in discussing such problems as terminated war contracts, post war credit problems, credit analysis in war time and what the NACM is doing in Washington, the Wisconsin-Upper Michigan Credit and Business Conference completed its 27th annual meeting on Saturday evening, October 23, with an address by Henry H. Heimann, Executive Manager-on-leave, and also a talk by Ralph W. Carney entitled "Industry Goes to War."

Lt. Col. George V. Rountree, of the Chicago Ordnance District, was the speaker on "Terminated War Contracts." K. W. Hangensen, Manager of the Milwaukee Association of Commerce, spoke on "Planning for Post War Credit Problems." The subject "Credit Analysis in War Time" was discussed during an open forum session.

The conference was composed of the members of the Central Wisconsin Association of Oshkosh, the Milwaukee Association and the Northern Wisconsin-Michigan Association of Green Bay.

Construction Machinery Credit Group Holds Big Fall Meet in Chicago

Chicago: There was an exceptionally large attendance at the fall conference of the National Construction Machinery Credit Group at the Palmer House in Chicago, October 13 and 14. F. A. Wright, Koehring Company, Milwaukee, Chairman of the Group presided.

F. C. King, Manitowoc Ship Building Company, Manitowoc, Wisconsin, gave a review of pre-war problems. W. W. Olson, Gardner-Denver Company, Quincy, Illinois, spoke on future planning of commercial business.

"Post-War Latin American Credits" was discussed by Harry E. Olson, American Foreign Credit Underwriters, and Herman Gastrell Seely, Financial Editor of The Chicago Daily News spoke on "What's Ahead—Maybe." Kenneth R. Wells, American National Bank & Trust Company, led a round-table discussion on business in general and committee reports were given by B. R. Emory, R. G. Le Tourneau, Inc., Peoria, Urban Hipp, Barber-Greene Co., Aurora, T. O. Liebscher, LeRoi Company, Milwaukee and O. J. Greiwe, Lima Locomotive Works, Lima, Ohio.

James S. Cox, group manager of The Chicago Association of Credit Men, was Secretary.

New Jersey Insurance Chief is Speaker at Cincinnati Session

Cincinnati: The Cincinnati Association of Credit Men joined as specially invited guests in the meeting of the Cincinnati Chapter of Chartered Life Underwriters on October 15 to listen to a talk by E. E. Agger, Commissioner of Insurance and Banking of the State of New Jersey whose subject was "Insurance as Used in Business."

After a luncheon at the Gibson Hotel, members of the Cincinnati Association of Credit Men, listened to a discussion of the important subject of "Settlement of Terminated War Contracts" by Colonel Fred A. McMahon, District Chief in the Cincinnati Ordnance District. This meeting drew a large crowd and a very attentive audience to the information presented.

Minneapolis: John H. DeWild, Manager of the Trade Promotion Division of the Minneapolis Civic & Commerce Association spoke before the Minneapolis Wholesale Credit Women's Club on Thursday, October 14th, his subject—"What's Ahead!" The program also included a round table roll call by the members. Miss Blanche Scanlon, President of the club presided with the program in charge of Miss Florence Armstrong, Vice President.

Chicago Organizing Rockford Chapter to Aid Local Members

Chicago: Several new members in Rockford, Illinois have been added to the membership of The Chicago Association of Credit Men, through the Association's activities in providing service for business men in the Rock River Valley.

R. L. Seaman, Treasurer of the Florsheim Shoe Company of Chicago, was scheduled to address a luncheon meeting at Rockford at the Hotel Faust, Wednesday noon, November 10 on the subject "Credits in Post-War Planning."

A dinner meeting on December 8 will be addressed by George C. Payne of Chicago, Regional Manager of the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

At the first of a series of luncheons held in Rockford, Wednesday noon, October 13, 82 members and guests of The Chicago Association listened to addresses by Lt. Colonel George V. Rountree, Chief of the Contract Service Division and Chief of the Fiscal Branch of the Chicago Ordnance District, and Captain Keith I. Parsons, Chief of the Legal Branch. They discussed Army Ordnance department contracts, cancellation of contracts, renegotiations, etc.

The Board of Directors of the Association has authorized the organization of the Rock River Valley Chapter of the Chicago Association of Credit Men, with a committee of five Rockford members in charge.

Cleveland Association Holds Reception for New Secretary-Manager

Cleveland: On October 5 the members of the Cleveland Association gathered in the Rainbow Room at Hotel Carter for a membership dinner in honor of Mr. and Mrs. Ken Thomson and especially to welcome the new Secretary Manager of the Cleveland Association who started on October 1 in the job recently vacated by Hugh Wells. Henry H. Heimann, Executive Manager-on-leave made the principal talk after the dinner which was followed by a general reception.

Cincinnati Chapter Has Special Credit Classes At Commerce College

Cincinnati: Special courses in the evening College of Commerce of the University of Cincinnati have been arranged for credit executives and their assistants. These courses are sponsored by the Cincinnati Chapter of the Institute of Credit. O. E. Dreutzer is supervising the course on Credits and Collections and R. N. Lambert, Treasurer and Credit Manager of H. Blacker Printing Inks, Inc., is supervising the course in Credit Analysis of Financial Statements.

Chicago Inaugurates Plan to Introduce New Members to Association Services

Something new has been added to the plan for the dinner meetings to new members of The Chicago Association of Credit Men. These dinner meetings are a continuation of the program inaugurated early this year by the membership committee of the Association of which R. L. Seaman, The Florsheim Shoe Company, is chairman.

The purpose of these membership dinners is to bring about a fuller understanding of the Association, its activities and its service departments, among the new members and also among inactive members. The last one was held Tuesday evening, Oct. 26, at the Merchants & Manufacturers Club in the Merchandise Mart.

The members meet at the headquarters of the Association on the 21st floor of the Merchandise Mart

and are divided into groups of six, five new members and one active member who acts as host to the group. The host introduces the new members to the headquarters staff and shows them about the office. They then go to the club where they sit at the same table. Following the dinner, each host presents the new members at his table to the rest of the company.

The chairman of the membership committee who presides then calls upon each host to explain in a four-minute talk why he uses one particular department of the Association and the goods he gets from this department. In this way every department and every committee of the Association is thoroughly explained and all members are urged to make use of them.

Jerseyites Join With Cost Accountants in Study of War Contracts

Newark: The New Jersey Association of Credit Men will hear about War Contract Termination at a dinner meeting at Hotel Robert Treat on November 4. The speakers are to be Eric A. Camman, Consultant, Accountant Advisory Branch War Production Board, Washington, D. C., and Ross Nichols, Attorney of the Weston Electric Instrument Corporation of Newark. This meeting will be held jointly with the Newark Chapter of the National Association of Cost Accountants.

The course in Credits and Collections held its first session on October 18. These classes are being held in the rooms of the Association, 11 Hill Street, once each week.

Allentown Pioneer Dies

Allentown: Clifford T. Taylor, for a number of years Credit Manager of the Pennsylvania Dixie Cement Company of Nazareth, died recently at his home in that city. Mr. Taylor who had been associated with the cement business since 1903 was for a number of years a member of the Lehigh Valley-Berks Credit Men's Association of Allentown.

Holds Letter Lecture Course

Chattanooga: The Chattanooga Association of Credit Men has just completed a series of lectures on letter writing under the sponsorship of the Education Committee. One hundred fourteen were enrolled for this series of talks.

Missionary's Son Tells St. Louis "C" Men About Years He Lived in Tokyo

St. Louis: David C. Spencer, Vice President and General Manager of the Globe Ticket Company of Missouri, was the speaker at the October 14 forum dinner meeting of the St. Louis Association of Credit Men. Mr. Spencer was born in Tokyo and spent his boyhood there and first learned to speak the Japanese language. His parents were missionaries in Japan at the time. Mr. Spencer presented a very interesting picture of the life of the Japanese people and what the war means to them, and what will be our prospects of winning the war.

Seattle Speakers' Club To Turn Out Toastmasters

Seattle: The Seattle Association is sponsoring a course in Public Speaking in what it terms a Speakers' Club which is patterned after the international organization known as Toastmasters. The club is limited to thirty credit executives and their assistants. The first meetings were held on October 20 and 27 and will be held weekly thereafter through February 23. At each of these meetings there are current event talks by all members of the class; six five minute speakers; and six critics. There is also a talk by some well-known public speaker who will serve as general critic. The fee for the course is \$3.00 plus the price of the dinners each week.

Gold Medal Collection Letters Are Offered by Amer. Credit Indemnity

Baltimore: The American Credit Indemnity Company has announced the publication of 50 Gold Medal Collection Letters which will be presented to any business executive requesting a copy.

Earlier in 1943 the American Credit Indemnity Company conducted a contest to obtain the most outstanding collection letters, more than one hundred entries being received. These letters were judged by a panel which included Bruce R. Tritton, immediate Past National President of the National Association of Credit Men and A. S. Crighton General Manager of the Canadian Credit Men's Trust Association of Toronto.

The first three prizes were won by the following: D. C. Brouse, Lewisburg Chair & Furniture Co., Lewisburg, Pa., first prize, \$100; G. W. Hartman, W. F. Potts Son & Co., Inc., Philadelphia, Pa., second prize, \$75; F. E. Emery, United Autographic Register Co., Oakland, Calif., third prize, \$25. Special honorable mention awards were presented to several other contestants, a total of fifty of the letters being collected in a booklet form.

A copy of this booklet may be obtained by writing to the American Credit Indemnity Company Executive Offices, First National Bank Bldg., Baltimore, Maryland.

Business Books

HANDBOOK OF PRONUNCIATION. By James F. Bender. Published by Thomas Y. Crowell Company, 432 4th Avenue, New York.

The broadcasters on the staff of the National Broadcasting Company have just been provided with a book entitled "NBC Handbook of Pronunciation." This was prepared by one of the foremost authorities on this subject, Professor James F. Bender, Chairman of Department of Speech, Queens College, Columbia University. In this book the word is given in one column. Then, it is respelled according to how the syllables are to be divided with proper placement of accents. In the third column, the word is shown as spelled in phonetics. While this book is designed for broadcasters, it would prove a valuable adjunct to any public speaker or person interested in proper pronunciation.

Rhode Islanders Planning Excellent Program for New England Conference on December 1st

Providence: The Rhode Island Association of Credit Men will be the host at the 1943 meeting of the New England Conference again this year. The conference will be held on Wednesday, December 1st. The usual get-together meeting on the night before the conference will be held at the Narragansett Hotel. The sessions of the conference will be held starting at 9:30 A. M., with an intermission and luncheon and a banquet in the evening. A large number of registrants from all over New England are expected to attend this conference.

The Rhode Island Association has completed the first outline of the program, which promises to be of especial interest to credit executives just at this time. Among the speakers will be: William G. Sutcliffe, Dean College of Business Administration, Boston University, Boston, Massachusetts; Roy A. Young, president of the Merchants National Bank of Boston and formerly governor of the Federal Reserve Bank. There will be a panel discussion entitled "V T Loans Versus Commercial Bank Loans in the Postwar Period." This will be led by Ernest I. Kilcup, president-treasurer of the Davol Rubber Company, Providence, who will take the side of business; Roger C. Damon, vice-president of the First National Bank of Boston, who will speak from the bankers' viewpoint, and a third panel member will be selected shortly.

The afternoon session will contain an address on the "Postwar Aspects of Foreign Trade," which will be delivered by Clare M. Amy, manager of public development department and superintendent of foreign trade of the head office of the Royal Bank of Canada, Montreal. T. Alfred Fleming, director of conservation of the National Board of Fire Underwriters of New York City, and Roy N. Foulke, manager of the specialized report department of Dun & Bradstreet, Inc., New York City, will also be speakers in the afternoon.

The banquet in the evening will have as guests National President

Paul W. Miller and Executive Manager Henry H. Heimann.

A high-class professional entertainment will be presented at the "Night Before Party."

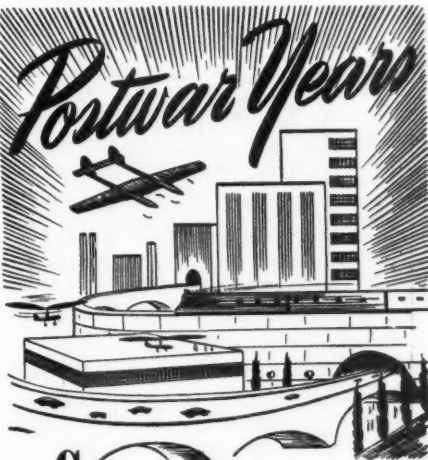
Offers Digest of Check Laws

Minneapolis: A new digest on the Law of Checks in the State of Minnesota is being made available to the members of the Minneapolis Association, or others in the Minnesota area at a price of \$1.00 per copy.

EXPERIENCED CREDIT EXECUTIVE AVAILABLE. Thirteen years' experience in the manufacturing field with full charge of credits. Maintained at low percentage of losses and a constructive attitude toward sales. Has at all times been in harmony with the company executives. Travelled extensively in promotional work and making contacts. College and law graduate. Can furnish excellent references. Address Box 11-B, Credit and Financial Management.

To Study War Financing

Position Wanted: Executive with 20 years proven ability, seeks permanent connection as Credit and Collection Manager. Sound accounting and auditing background along with experience of personnel direction, offers added aid in organization supervision. Address Box 11-A, Credit and Financial Management.



CAREFUL planning in the years gone by has resulted in an enviable record of performance and strength for these two fire insurance companies. Careful planning at the present moment is preparing for the brighter postwar years just ahead.

MILLERS NATIONAL Insurance Company
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HOME OFFICE: CHICAGO

Unsolicited Comments

prove the value of

CREDIT TRAINING

by the

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*Just a few of the many appreciative comments from
those who have completed the correspondence
course in Credits and Collections.*

Helen K. Bernard, Charles City, Iowa

"I was pleased to receive your letter with the result of my final examination. I thoroughly enjoyed the course and it has proven very helpful to me in my work."

Baxter Davis, Chattanooga, Tenn.

"Throughout the duration of my course with the National Institute of Credit, my work has been very interesting and I have studied your comments finding them educational and applicable to every day business life."

Ralph Hutchinson, Chicago, Ill.

"May I again express my sincere appreciation for the personal attention you have given them (solutions to problems) and the constructive criticisms offered."

Dorothy I. Kasbee, Cambridge Springs, Pa.

"I enjoyed this course very much and am happy to have completed it successfully. I want to thank you again for your encouragement and thoughtfulness."

C. F. Stephenson, Mansfield, Ohio

"Not only has the course been very helpful to me, but I have derived much benefit from the magazine 'Credit and Financial Management' and Mr. Heimann's letter. . . . Please accept my sincere thanks for the help you have given me in this course. . . . Thank you very much for your comments on my form letters. They were helpful in making up a new set for actual use."

Charles Regensburg, New York, N. Y.

"It was time well spent, I feel, and have already found the knowledge gleaned of real service and value. . . ."

M. N. Gilbert, Standard Oil Co., Huron, S. D.

"There is certainly a great deal to be learned from the course in Credits and Collections and I will not hesitate to recommend it to any whom I can interest in this work. I feel that I have been well repaid for the time and effort and expense devoted to it. . . ."

"I assure you that I have appreciated the help you have given me in this work and value the comments received in your letters and have kept each of your letters for future reference."

THE NATIONAL INSTITUTE OF CREDIT

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Please send me full information about your course in Credits and Collections.

Name

Street

City State

1143

Old Doc Nixie Takes to the Road

(Continued from Page 11)

odically hereafter, for customers are real people. They inspire. They suggest ideas. Goodbye lifeless stereotyped letters. Darned if I am not going to be the best Sales-Creditman ever and my letters in the office are going to be new, real, human and salesmanic. Just wait and see!"

Still talking to himself, Doc returned to the writing desk in his room: "An office hermit sure loses contact with the world. He gets picayune. He loses the give and take spirit. No wonder salesmen are jolly fellows—have friends—and make friends for themselves and their company—they are not afraid to spend a dime either. I am going to quit worrying what becomes of me at 65. Guess I will put in a call for Mary. Damn the torpedoes full speed ahead!"

"Mary," he said over the phone. "this is your first husband talking. Call the Milwaukee Road and get a ticket with a bedroom—sure we can afford it—and get into Chicago Thursday morning. I have reserved the best room at the Blackstone Hotel facing the lake. We are going on a spree—listen, dear, this is not Morgenthau, Jr., but you are talking to the new Sales-Credit Manager for P. H. Putterworth & Company, and his wife is going to be the best dressed woman hereafter in Ellenville and all points west!"

It is, of course, difficult to believe that this was conservative Ol' Doc Nixie, who loved to say "No." Proudly, however, we record that as a result of taking to the road, Doc got out of a rut, obtained a new job, new sales-credit ideas, a new perspective of his important profession—and perhaps, equally important, he and Mary went on a second Honeymoon and "lived happily and prospered plenty—ever afterwards."

Married Life

"If I had my time over again," counseled a meditative maiden lady of advanced years, "I'd get married before I had sense enough not to."
—Townsend Nat'l Weekly.

Business Thermometer

Wholesalers' Sales, Inventories, and Credits

August 1943

CSales of 2,616 wholesalers representing most kinds of business throughout the country were slightly (3%) higher in August 1943, than in August 1942, according to an announcement released today by J. C. Capt, Director of the Census. For the first eight months of this year, dollar volume was 5 per cent over that of the corresponding period of 1942. Sales in August this year were at approximately the same level as in the preceding month.

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census. Detailed figures are presented in the following tables in summary for the United States and, insofar as the data permit without disclosing individual operations, by geographic divisions.

Of the 35 trades shown separately in this survey, 11 recorded substantial sales gains for August 1943 over August 1942. Wholesalers of coal showed an increase of 45 per cent; clothing and furnishings, except shoes, 43 per cent; paper and its products, 41 per cent; and specialty lines of groceries and foods, except farm products, 23 per cent. A 20 per cent gain was reported by wholesalers of metals; 17 per cent, drugs and sundries; 14 per cent each, wines and liquors and furniture and house furnishings; 11 per cent, voluntary-group wholesalers of groceries and foods, and 10 per cent each, dry goods and tobacco and its products. Sales remained virtually unchanged from last August's volume for jewelry; but were down slightly for wholesalers of general hardware and lumber and building materials (each 3%), and decreased moderately for shoes and other footwear (6%) and meats and meat products (7%). Electrical goods wholesalers dropped

back 23 per cent from August a year ago.

Inventories, in terms of dollars based on cost values, at the close of August 1943 were 16 per cent lower than those of August 31, 1942, the thirteenth consecutive month that inventories have been smaller, on a year-to-year comparison. They were approximately the same at the end of August as they were at the close of the preceding month this year.

The stock-sales ratio for wholesalers at the end of this August was 108 as against 130 for last August and 111 for July 1943. Of the 33 trades for which stock-sales ratios are shown, 3 showed increases, August 1943 compared with August 1942—meats and meat products, liquor departments of other trades, and metals. Full-line wholesalers of groceries and foods, with sales up 7 per cent and inventories down 10 per cent, disclosed a stock-sales ratio of 120 for this August as against 140 last August. With sales up 23 per cent and inventories off 15 per cent, wholesalers of automotive supplies revealed a stock-sales ratio of 148 for August 1943 and 209 for August 1942. Wholesalers of surgical, medical, and hospital equipment and supplies noted a 38 per cent increase in sales and a 19 per cent increase in inventories, with a stock-sales ratio of 97 for August 1943 and 106 for last August. Paints and varnishes, with 4 per cent less dollar volume and 8 per cent less inventory, had an August 1943 stock-sales ratio of 175 and an August 1942 ratio of 221.

Collections on accounts receivable were almost 27 per cent higher for this August than for August 1942, but approximately the same in August as in July this year. The collection percentage for August 1943 was 109; for August 1942, 86; and for July 1943, 110. Accounts receivable were 19 per cent less on August 1, 1943, than on August 1, 1942; but at the beginning of this August the difference from July 1, 1943 was slight.

**Credit Manual
1944 Edition
Ready in November**

Wholesalers' Sales and Inventories—August 1943

Kind of Business	Sales—Current Month				Sales—Year-to-Date		Inventory—End-of-Month (At Cost)				Stock-Sales Ratios ^a		
	Number of firms reporting sales	Percent Change		August 1943 (Add 000)	Percent change from 8 Mos. 1942	Eight Months 1943 (Add 000)	Number of firms reporting stocks	Percent Change		August 31, 1943 (Add 000)	Aug. 1943	Aug. 1942	July 1943
		August 1943 vs. August 1942	August 1943 vs. July 1943					August 1943 vs. August 1942	August 1943 vs. July 1943				
United States.....	2,616	+ 3	+ 1	\$278,956	+ 5	\$2,827,639	1,577	-16	+ 1	\$178,810	108	130	111
Automotive Supplies.....	187	+23	+ 8	4,902	+ 8	40,647	94	-15	b	3,409	148	209	140
Chemicals (industrial).....	16	+ 6	- 2	1,110	+ 7	17,339	12	- 1	+ 1	891	99	111	96
Paints and Varnishes.....	62	- 4	+ 3	3,641	+ 1	28,682	15	- 8	- 5	1,116	175	221	184
Clothing and Furnishings, except Shoes.....	43	+43	+22	3,856	+15	30,486	23	-32	- 3	965	77	146	91
Shoes and Other Footwear.....	26	- 6	- 3	16,166	b	133,082	16	-31	+ 2	4,123	49	71	52
Coal.....	8	+45	+ 3	1,372	+40	11,012	c	c	c	c	c	c	c
Drugs and Sundries (liquor excluded).....	117	+17	+ 3	23,926	+17	204,970	90	+14	b	31,020	163	169	168
Dry Goods.....	90	+10	+10	19,928	+23	157,793	48	-37	- 2	15,130	112	192	128
Electrical Goods.....	298	-23	+ 4	22,287	-25	210,213	258	-42	- 3	13,029	62	83	67
Dairy and Poultry Products.....	34	+10	-16	3,482	+26	27,025	17	-10	+15	192	31	38	24
Fresh Fruits and Vegetables.....	78	+32	-13	3,856	+35	45,967	44	- 7	- 5	447	19	28	18
Farm Supplies.....	8	+29	+ 7	557	+31	10,378	c	c	c	c	c	c	c
Furniture and House Furnishings.....	54	+14	+14	4,775	- 7	58,747	23	-54	-10	2,064	100	244	123
Groceries and Foods, except Farm Products.....	596	+10	- 2	59,700	+14	559,356	352	- 9	+ 3	37,636	117	140	112
Full-line Wholesalers ^d	296	+ 7	- 5	24,799	+16	223,993	166	-10	+ 2	16,064	120	140	112
Voluntary-group Wholesalers.....	141	+11	- 3	21,623	+ 9	191,362	94	- 7	+ 2	14,309	132	159	128
Retailer-cooperative Warehouses.....	19	+ 7	+ 1	4,811	+ 6	35,820	11	-10	+ 6	2,832	102	115	97
Specialty Lines.....	140	+23	+ 4	8,527	+22	108,181	81	- 8	+ 7	4,424	86	110	86
Confectionery.....	38	+ 9	+ 3	592	+41	8,876	20	+ 2	+12	207	58	59	52
Meats and Meat Products.....	79	- 7	- 7	30,151	+ 1	278,098	46	- 9	- 7	5,408	44	42	40
Beer.....	60	+ 5	- 8	1,812	+25	15,767	45	-39	+12	236	15	27	13
Wines and Liquors.....	24	+14	+15	3,348	+42	68,504	16	-29	+ 8	2,187	87	133	96
Liquor Department of Other Trades ^e	34	- 3	+ 5	5,391	+18	54,493	34	+ 9	+21	9,388	174	156	151
Total Hardware Group.....	339	- 4	+ 2	35,740	- 7	363,070	212	-23	- 1	33,630	147	182	152
General Hardware.....	136	- 3	+ 4	22,312	- 8	211,362	85	-25	- 1	23,243	157	203	164
Industrial Supplies.....	102	- 2	b	8,771	+ 2	105,029	64	-14	- 2	7,677	136	151	135
Plumbing and Heating Supplies.....	101	-15	- 1	4,657	-17	46,679	63	-22	- 1	2,710	117	125	117
Jewelry.....	32	- 1	+ 8	1,867	+15	17,876	18	-18	- 8	1,631	162	188	183
Optical Goods.....	15	+30	+10	280	+19	2,705	7	+ 3	b	94	129	149	145
Lumber and Building Materials.....	46	- 3	+ 5	2,742	- 8	36,933	31	-11	b	1,941	106	114	112
Machinery, Equipment and Supplies, except Electrical.....	52	+ 7	b	2,431	- 5	28,798	36	-16	b	2,295	116	147	113
Surgical, Medical and Hospital Equip., and Supplies.....	17	+38	+ 5	989	+23	10,926	8	+19	+ 2	613	97	106	97
Metals.....	26	+20	+ 2	3,317	+11	45,248	14	+28	+ 5	3,792	157	154	158
Paper and Its Products.....	76	+41	+13	5,497	+ 2	56,274	36	-12	- 2	2,511	97	157	112
Petroleum.....	6	-17	+ 3	563	+ 8	152,481	4	-10	- 5	296	59	50	68
Tobacco and Its Products.....	119	+10	+ 1	11,764	+14	129,036	36	+ 2	+ 4	1,540	42	46	42
Leather and Shoe Findings.....	17	+12	+12	448	+13	3,728	7	-28	b	208	154	290	173
Miscellaneous.....	18	+23	+12	2,506	+ 7	19,129	15	- 5	+ 6	2,811	209	250	230

^a These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms. ^b Less than 0.5 percent. ^c Insufficient data to show separately. ^d Not affiliated with voluntary or cooperative groups. ^e Chiefly of the wholesale drug trade.

Wholesalers' Accounts Receivable and Collections—August 1943

Kind of Business	Number of firms reporting	Collection Percentages ^a			Accounts Receivable		
		August 1943	August 1942	July 1943	Percent change		As of August 1, 1943 (Add 000)
					August 1943 vs. August 1942	August 1943 vs. July 1943	
United States.....	2,104	109	86	110	-19	- 2	\$204,329
Automotive Supplies.....	139	93	85	94	+12	+ 1	3,107
Chemicals (industrial).....	12	101	95	98	+ 1	- 4	861
Paints and Varnishes.....	29	67	49	69	-12	- 1	1,196
Clothing and Furnishings, except Shoes.....	38	82	56	86	b	+ 9	3,418
Shoes and Other Footwear.....	23	76	49	81	-24	+ 8	8,778
Coal.....	8	92	79	91	+24	+25	1,430
Drugs and Sundries (liquor excluded).....	106	102	82	101	- 6	- 1	19,935
Dry Goods.....	82	75	50	73	-13	- 1	22,869
Electrical Goods.....	279	77	71	75	-30	- 4	27,712
Dairy and Poultry Products.....	20	169	151	194	+14	+ 9	1,645
Fresh Fruits and Vegetables.....	61	156	141	162	+22	- 2	1,696
Farm Supplies.....	6	125	96	118	- 7	-20	337
Furniture and House Furnishings.....	44	83	61	82	-35	- 8	5,043
Groceries and Foods, except Farm Products.....	445	157	117	156	-15	+ 2	28,848
Full-line Wholesalers ^c	208	138	107	142	-13	+ 3	13,557
Voluntary-group Wholesalers.....	113	169	126	165	-16	b	9,351
Retailer-cooperative Warehouses.....	16	231	196	247	- 8	+12	1,768
Specialty Lines.....	108	156	100	144	-20	- 2	4,172
Confectionery.....	19	113	85	108	- 7	- 7	303
Meats and Meat Products.....	73	204	175	203	-25	-16	14,069
Beer.....	19	173	148	179	- 3	- 3	308
Wines and Liquors.....	16	199	128	208	-23	+13	866
Liquor Department of Other Trades ^d	32	179	79	165	-56	- 6	3,168
Total Hardware Group.....	316	91	74	90	-24	- 4	35,247
General Hardware.....	127	96	72	94	-28	- 3	20,533
Industrial Supplies.....	91	86	82	88	-10	- 3	9,004
Plumbing and Heating Supplies.....	98	79	70	79	-28	- 8	5,710
Jewelry.....	23	65	41	71	-10	- 5	1,692
Optical Goods.....	12	84	66	83	+ 5	- 2	225
Lumber and Building Materials.....	43	104	81	99	-23	- 1	2,500
Machinery, Equipment and Supplies, except Electrical.....	45	96	79	93	-17	- 9	2,280
Surgical, Medical and Hospital Equipment and Supplies.....	15	58	59	52	+57	+ 8	1,676
Metals.....	25	114	115	119	+10	+ 2	2,822
Paper and Its Products.....	68	95	77	87	b	- 9	4,481
Petroleum.....	4	147	121	148	-46	- 3	299
Tobacco and Its Products.....	74	163	131	159	-15	- 5	4,958
Leather and Shoe Findings.....	15	91	62	87	-18	- 5	378
Miscellaneous.....	15	86	78	88	+11	+16	2,182

^a Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms. ^b Less than 0.5 percent. ^c Not affiliated with voluntary or cooperative groups. ^d Chiefly of the wholesale drug trade.

CREDIT

and Financial Management

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A Survey of Trends in Manufacturers' and Wholesalers' Activities

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"He hath shewed thee, O man, what is good; and what doth the Lord require of thee, but to do justly, and to love mercy, and to walk humbly with thy God?" . . . Micah the Morasthite.

Faith!

First Published in 1938—Reprinted by Request

CEN Three hours to idle away in a far-Western town. Up and down Main Street I strolled. The Main Street was without character. Garish chain store fronts in monotonous rows. Occasionally, an individual shop attracted my attention. I passed close to the plate glass front to take a look at the proprietor. He might be worth appraising.

Perhaps the outskirts of the town might be more attractive. Why not try? I circled the village once, then again and a third time. Nine churches I counted. Six in dilapidated condition—abandoned. The shutters hung desperately to their last hinges. The front steps parted company with the sills. Broken windows. The rotting eaves housed the sparrows with their untidy nests sprawling all over the cornice.

I asked about the community. The population, I was told, had not varied a great deal in the last forty years. My imagination was spurred. Had this been the place of my birth, as it well might have been, no doubt some of the churches now so dilapidated would have been places of worship for my ancestry.

There was nothing to do but go back to Main Street. I thoroughly read and digested every part of the morning paper. It told of a stock crash, of impending conflict in Europe, of internal dissension and strife, of panic-stricken people who were looking towards the approaching winter with misgivings. Instinctively I thought of the six abandoned churches and of the world's unrest. Something went wrong with people. Something we seemed unable to correct.

This nation was carved out of a wilderness by those who have gone before us. They built our country. Our generation has been living and spending from their storehouse.

Was there any connection between their exercise of the virtues of thrift and industry and the nine churches? Did they find something fundamental in religion that convinced them idleness was sin and industry God's labor of love? Did not pioneering min-

isters preach the virtue of independence and the vice of dependence? Did not the early settlers practice self-denial to build the virtue of modesty and kindle a spirit of happiness? Did they not, in their Sabbath journey to church, feel a sense of comfort in the discharge of a duty their innate souls somehow told them was necessary if they were to be healthy and wholesome?

In times of catastrophe was there not something in their Sabbath training, as they listened to their spiritual leaders, that caused them to go forth anxious and eager to aid those in distress? Wasn't the destruction of their neighbor's barn by lightning or fire an opportunity for them to evidence respect and love for neighbor by joining together in the barn-raising? When the fields of grain were ripe in the neighbor's field, and he lay ill, did they not in some way get the spirit from these six abandoned buildings that caused them to make their neighbor's harvest without thought of sharing for their labor?

Just why did that community have nine churches, all seemingly well-supported, and just why does the present generation find it difficult to support only three? Are these six churches to be abandoned as having been a part of the old order of things?

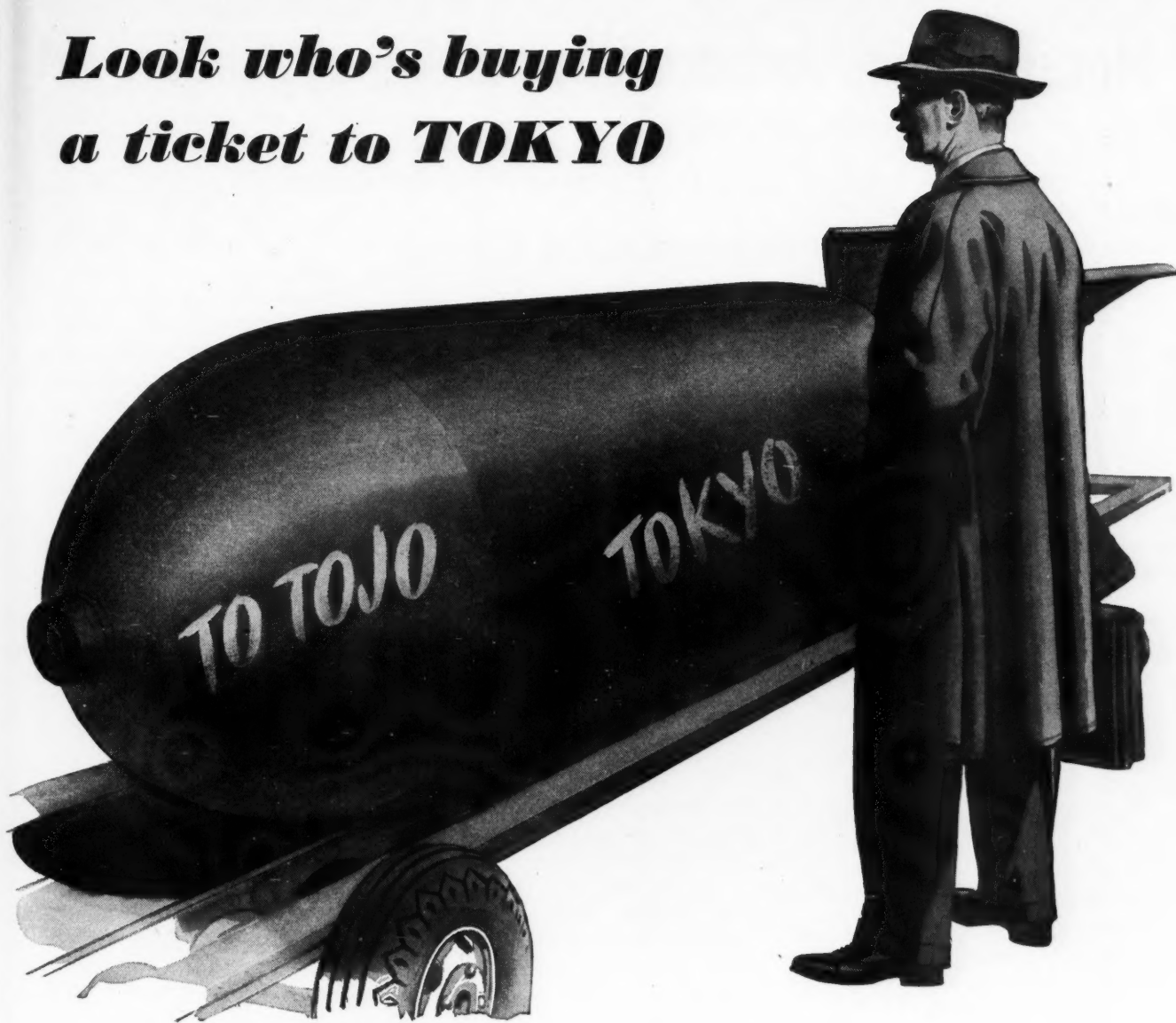
Suppose they were reopened. Suppose all abandoned churches reopened and the pews were filled each Sabbath day. Would the world be nearer solving its problems? How difficult it is to answer this in the negative! How easy it is to assume that things would be better!

We speak of a balanced prosperity but even as we utter the words we ought to realize that true prosperity calls for a balance of both soul and body.

What is good business? There are many ideas on this. What are good politics? Ideas are even more confused. Suffice to say, nothing is good in either business or politics that doesn't have a sound foundation. Can there be a sound foundation in anything without faith?

Henry H. Heimann

Look who's buying a ticket to TOKYO



Just an everyday man—happens to be an insurance agent. Of course, he's not going to go to Tokyo *personally*—Uncle Sam has other nephews looking forward to *that* trip . . . but he's helping to pay for it.

And he's actively demonstrating the American capacity for *organization*—the “pull-together” that puts this country shoulder to shoulder with its fighting men wherever they are. For instance, he's been cooperating with our company in sponsoring its Ninetieth Anniversary War Loan campaign, which provided that:

All new gross premiums collected on fire and other policies written by the Home during the last nine months of 1943 were to be invested in War Loan Bonds. These purchases have been OVER and ABOVE the normal government bond purchases which the company has continued to make.

★ THE HOME ★
Insurance Company
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

Ninetieth Anniversary Year

House Passes Amendments to Renegotiation Act

Only Contracts of More Than \$500,000 Now Subjected to Repricing

EN As this issue of "Credit and Financial Management" goes to press, indications in Washington point to the enactment of a new Federal Revenue Bill before the end of December. In this Revenue Bill are contained a number of amendments to the Sixth Supplemental National Defense Appropriation Act of 1942 known as the Renegotiation of War Contracts Act. As the matter of Renegotiation has such a direct bearing on war contracts, we present herewith an outline of what the bill as passed by the House proposes in the way of amendments to the Renegotiation Act:

1. Reduction of the area of Renegotiation.
2. Determination of excess profits.
3. Renegotiation procedure.
4. Redetermination by the Tax Court.
5. Periods of limitation.
6. Disposition of proceeds of Renegotiation.
7. Administration.
8. Contract obligation for Renegotiation.
9. Effective dates of amendment.
10. Termination of Renegotiation.
11. Technical and clerical amendments.

Exemption Extended to \$500,000

ONE of the principal changes provided in the bill as passed by the House is the extension of the area of Renegotiation from \$100,000 to \$500,000. As amended, the bill provides that if the aggregate of amounts received or accrued in the fiscal year of a contractor or subcontractor does not exceed \$500,000, such amounts are exempt from Renegotiation.

Another item in this general subject of area of Renegotiation is a

more complete definition of what is a subcontract. In this connection it is interesting to read the report as filed by the committee on this general subject of what is a definition of subcontract:

"The field of operation of the renegotiation statute is further reduced by the definition of 'subcontract' in the bill. Under the bill, the term 'subcontract' means any purchase order or agreement (other than a contract with a department) to make or furnish or perform any part of the work required for the making or furnishing of a contract item or a component article. A 'contract item' is defined to mean any article, work, services, building, structure, improvement, or facility contracted for by a department and a 'component article' is defined to mean any article which is to be incorporated in or as a part of a contract item. The term 'article' is defined to mean any material, part, assembly, machinery, equipment, or other personal property.

"For example, under the above definition, suppose the War Department contracts with X for 1,000 airplanes. X finding he cannot produce 1,000 planes in the time required, subcontracts with Y to furnish 500 of the airplanes complete for delivery, which X delivers, as produced by Y, to the War Department. Y's subcontract is renegotiable as a contract item.

"Under the new definition of subcontract, factory supplies such as tools or equipment, typewriters, business machines, etc., are exempt from renegotiation. The following example will illustrate the scope of the articles coming within the new definition of component article.

"Assume that the War Department contracts with A for the purchase of a General Sherman tank. A contracts with B to furnish the plates

and with C to furnish the motors. B contracts with D to furnish the steel and C contracts with E to furnish the carburetors for the motors. C also contracts with F for the aluminum products to be used in the construction of the motors.

"Subcontracts for the purchase of all of these articles are subject to renegotiation because they are incorporated in or as a part of the contract item which is the General Sherman tank. If C, who has contracted to furnish the motors, contracts with G for lathes to be used in making parts of the motor, C's contract with G is not renegotiable, for the reason that it is not a contract for an article to be incorporated in or as a part of a contract item. For the same reason, if G contracts with H for some steel for the lathes, G's contract with H is not renegotiable. Also, if B, who contracts to furnish steel plates to A, contracts with I for typewriters and business machines, that contract is not subject to renegotiation. In other words, only an end product or products which will enter into an end product will be subject to renegotiation.

Subcontracts Under Exempt Prime Contracts or Subcontracts

"UNDER existing law, considerable confusion results from the fact that a subcontract may be subject to renegotiation even though the prime contract or any intermediate subcontract may not be so subject. The bill exempts such subcontracts as are directly or indirectly under an exempt contract or subcontract."

Agricultural commodities are exempt. The bill expressly amends the provisions to contracts or subcontracts for such commodities in their raw or natural state. The definition of agricultural commodities in the bill

is broad, including not only products of the cultivation of the soil but also saps and gums of trees; animals such as cattle, hogs, poultry and sheep; fish and marine life; and the products of live animals such as wool, eggs, milk, and cream.

Standard Commercial Articles Exempt

THE bill reads that:
"The Board is authorized in its discretion to exempt any contract or subcontract for the making or furnishing of a standard commercial article if, in its opinion, normal competitive conditions affecting the sale of such article exists." The bill then goes on to define what is a standard commercial article. In this connection it may be of interest to manufacturers to read just what the bill sets forth under this subject:

A "standard commercial article" is defined in the bill as an article—

"(1) 'Which is not specially made to specifications furnished by a department or by another contractor or subcontractor;'

"(2) 'Which is identical in every material respect with an article which was manufactured and sold, and in general civilian, industrial, or commercial use prior to January 1, 1940;'

"(3) 'Which is identical in every material respect with an article which is manufactured and sold, as a competitive product, by more than one manufacturer, or which is an article of the same kind and having the same use or uses as an article manufactured and sold, as a competitive product, by more than one manufacturer, and'

"(4) 'For which a maximum price has been established and is in effect under the Emergency Price Control Act of 1942, as amended, or under the act of October 2, 1942, entitled "An act to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes," or which is sold at a price not in excess of January 1, 1941, selling price'."

Determination of Excess Profits

APPARENTLY the members of the Ways and Means Committee were anxious to meet the many objections to the uncertainties of renegotiation as they have appealed during the past year by setting forth a general plan as to how profits are to be determined.

House Amendments to Renegotiation Law

THE main features of the amendments to the Renegotiation Act as passed by the House of Representatives late in November are as follows:

- (1) Renegotiation efforts will be made before tax payments as heretofore. The fight to change this rule lost by a narrow margin (said to be one vote) in the Ways and Means Committee. Because of the rule adopted by the House against amendments on the floor of the House except when introduced by the committee, there was no fight on this feature in the House debate. However, some of the members of the Senate Finance Committee which is now considering the bill as voted by the House, have indicated they propose an extensive battle to change this rule so that Renegotiation will be required only after contractors have settled with the Treasury for their taxes.
- (2) Increase of the specific exemption to \$500,000. This will automatically eliminate a large number of smaller contractors and subcontractors from Renegotiation.
- (3) Definition of a subcontract. This is an important improvement over the arbitrary interpretation heretofore used.
- (4) Exemption of standard commercial articles. These items are defined, but the contract for their purchase must have been awarded after competitive bids has been received by the War Service.
- (5) Determination of Excessive Profits. Under this rule a statement of costs is required by every contractor. Certain standards also are set up in the Amendment which must be considered in determining if excess profits have been obtained.
- (6) Another important amendment provides for the procedure to be followed in every renegotiation. One of the features of this procedure is that the Board is required to issue a statement of the determination and of the facts used as a basis for reaching the conclusion.
- (7) The Tax Court of the United States is designated as a court of appeal to which any contractor may turn for a rehearing if he thinks the determination of the Board is not fair.

In the first place every contractor and subcontractor is compelled to file with the Board "in such form and detail as the Board may by regulations prescribe."

In determining just what are profits the committee report set forth as its opinion, the following:

"War contract profits are defined by the bill to mean the excess of the amount received or accrued under such contracts over the costs paid or incurred with respect thereto. Costs that are unreasonable or not properly chargeable to the contract or subcontract, in the opinion of the Board or of The Tax Court of the United States, as the case may be, are disallowed. Subject to these qualifications, items of the character allowed as deductions or exclusions in computing net income for income tax purposes are, with the exception of taxes measured by income, allowable to the extent that they are allocable to such contracts or subcontracts.

"All items of the character allowed as deductions and exclusions for income and excess profits taxes (including the current amortization deduction), to the extent allocable to such contracts and subcontracts allowed as items of cost. Federal taxes are not allowable as items of cost. After the excessive profits have been determined, however, credit is allowed for any income and excess profits taxes paid with respect thereto."

Standard Factors in Determining Excess Profits

THE bill sets forth certain standard factors which are to be taken into consideration in the determination of excess profits. The committee report lists these standard factors as follows:

Efficiency, with particular regard to quantity and quality of production, reduction of costs, and economy in the use of raw materials, facilities, and manpower.

Reasonableness of costs and profits, with particular regard to volume of production and normal pre-war earnings.

Amount and source of public and private capital employed and net worth.

Risk assumed, including the risk incident to reasonable pricing policies.

Contribution to the war effort, including inventive and developmental contribution and cooperation in sup-

If you know about cases of inequities because of Renegotiation before tax payments, send detailed information to Legislative Department National Association of Credit Men, One Park Ave., New York 16, N. Y.

plying technical assistance to the Government and to other contractors.

Character of business, including complexity of manufacturing technique, character and extent of subcontracting, and rate of turn-over; and such other factors the consideration of which the public interest and fair and equitable dealing may require.

Renegotiation Procedure Defined

THE committee report under this head indicates the following definition for the word "renegotiate" and "renegotiation":

"'Renegotiate' and 'renegotiation.'—These terms are given new definition in the bill and mean the determination by agreement or order of the amount of profits considered to be excessive. In other words, the terms indicate (as is set forth in detail in later sections of the bill) that a determination may be by way of a bilateral agreement between the Government and the contractor or, in case such an agreement cannot be reached, a unilateral determination of the amount of excessive profits may be made by order.

"'Reprice' and 'repricing.'—These terms are newly defined in the bill. They include determination by agreement or order of a fair price for performance under a contract or subcontract."

From this point on the bill sets forth quite definite form of procedure starting with a notice for a conference between the contractor or subcontractor and the Board.

2. Agreement between the contractor or subcontractor and the Board as to the amount, if any, of excess profits or an order issued by the Board setting forth its determination in regard to excess profits.

3. A statement to be issued by the Board of its determination, a general summary of the facts used as the basis for the determination, and of the reasons underlying it. This section is aimed to relieve much of the criticism against renegotiations in the past year where it is claimed that the Boards were arrogant in their attitude that it was for the Board to determine the amount of excess profits, and they were not obliged to set forth the facts on which the determination was based.

Another feature in this general procedure program is a provision for review by the Board of any decision of any "division of the Board or of any officer or agency to whom delegation has been made."

Still another new feature is the privilege of appealing from the review of the Board to the Tax Court of the United States within ninety days after the entry of the order. This appeal to the Tax Court is in the way of a new proceeding, and, according to the report of the committee, "the bill expressly provides that the proceeding before the court, that is, the Tax Court of the United States, shall not be treated as a proceeding to review the determination of the Board or the Secretary but as a proceeding de novo (new hearing). The court is given exclusive jurisdiction to determine the amount of the excessive profits or the fair price as the case may be and its determination may not be subject to review or redetermination by any court or agency."

Other features of the bill provide for limitation of commencement of proceedings, disposition of proceeds of renegotiation, administration of the War Contracts Price Adjustment Board, authority for the insertion of renegotiation clauses in all contracts, and certain other technical amendments.

How the War Squeezes the White Collar Group

Factory Workers and Farmers Fare Best in Present Stages of Inflation

By K. H. MacKINZIE,
Vice-President Federal Reserve
Bank of Cleveland

When I first contemplated this subject I immediately thought of my own pocketbook and wondered whether it might shed any light on the problem which I believe should interest all of us. Being one of those white-collared workers, representing roughly one-third of the employed, who it is finally admitted is really being squeezed by the war, I felt that any discussion concerning what has happened to me and to the thousands like me would not be particularly enlightening in so far as discussing the over-all problem that is causing so much concern in many domestic circles today.

I don't know how credit men have fared salarywise; you may or may not be better off than those of us who are working for financial institutions. You still are in the white-collar class, however, which is not very vociferous, has not gained appreciably as a result of the war expansion program, is paying larger taxes than ever before, and because of bond purchases and increased living costs probably are winding up each month with less than you have had for a long time. In time of war that is as it should be. The trouble is that not everyone has fared alike and probably never will.

Since I have no way of knowing how the war has affected your pocketbooks individually, and since a discussion of how the war has affected my own pocketbook will not truly reflect the general problem that is becoming more serious each day, I believe it would be more helpful if I were to discuss the nation's pocketbook, how it has been affected by the war, possibly raise a few questions, and then let you decide where as individuals you fit in the general pattern.

What We Are Spending on War

IN the year 1939, when war broke out in Europe, total national in-

come in the United States was roughly \$70 billions. It had been higher in the years 1925 to 1930, and in 1937. There were still close to ten million persons unemployed. Feeling a need to strengthen its military position, this country embarked upon a defense program of moderate proportions in 1940, spending \$1.7 billion for that purpose. In 1941 defense expenditures rose to \$6.3 billions, in 1942 to \$26 billions, in 1943 to \$73 billions, and the projected expenditures for war purposes in this fiscal year are \$97 billions. If the war is not terminated before next June, and war expenditures now outlined for this fiscal year are not greatly modified, there will have been spent in a single twelve-month period, for war purposes alone, more than was spent by this country for the entire period of its history from 1789 through 1941, including all the previous wars. Monthly war expenditures are still not at a rate which accumulate to the record figure, hovering around \$7 billions per month, but it is hoped that industrial operations can be further shifted so that the necessary output of war goods leading to a \$97 billion annual total may be attained. Manpower and public apathy now are the chief limiting factors.

The Federal Government has been industry's largest and principal customer in the past three years, purchasing everything from the smallest article of wearing apparel to battleships. Buying everything in unprecedented quantities, it has been necessary to expand total industrial output by nearly 150 per cent. Unemployment has been completely wiped out, and millions of persons not ordinarily considered in the labor force have

been cajoled into taking income-producing jobs. With the supply of workers reduced through the transfer of millions of men to military service, the law of supply and demand, in so far as wages are concerned, has resulted in a sharp rise in hourly wage rates.

Will Income Reach 150 Billions?

AUGMENTED by the extension of the work week and time and a half for overtime pay, estimated national income has risen to where, by the end of the year, there is a strong possibility that people in this country will be receiving wages, salaries, dividends, interest, and profits at an annual rate of \$150 billions. The average for the year will be somewhere around \$140 billions compared with \$115 billions in 1942 and the five-year prewar figures average of \$67 billions.

Few of us can comprehend such figures. We all ask, "Where is the money coming from, and how can we ever pay for it all?" The Government, not having sufficient funds of its own obtained through taxes to pay for goods and services needed, must purchase them with funds or credit obtained in other ways. It takes back in taxes what I am sure we all feel is a very substantial part of our expanded incomes, but the total Federal taxes received in 1943, corporate, excise, and income, were only \$22 billions, and the estimate for this fiscal year, which probably will not be exceeded because of the unwillingness of Congress to enact a tax program of the magnitude requested by the Treasury, would be only \$38 billions. The difference between this and the total amount to be spent by the Government, somewhere around \$70 billions this year, must be obtained by borrowing.

The Government endeavors to borrow back a sizable volume of funds

from individuals receiving enlarged incomes. While the volume of war bonds sold to individuals has been fairly large, since this is still a voluntary arrangement, money loaned by individuals to the Government has been in smaller volume than many of us feel is desirable. Too few bonds are being bought by the persons whose incomes have increased most, proportionately, as a result of the war, and too many of them are being cashed.

In order to make up the difference between what is raised through taxation and bond sales to individuals, the Government has been forced to borrow large quantities of funds from banks and others. It is the financing of this deficit, the obtaining of credit to pay for the military goods needed, that is responsible for the inflationary pressure we are hearing so much about. The credit obtained from banks allows the Government to write an increasing volume of checks in payment for goods and services received, thus placing more and more spendable money into the hands of individuals.

Only Half for Civilian Demand

IF the goods now being produced by our greatly expanded industrial plant were available for domestic consumption, there would be no particularly challenging economic problem. Increased quantities of goods would tend to balance rising incomes. However, with the Government now taking over 50 per cent of the total output of our economy, less than one-half remains to satisfy the greatly expanded civilian demand.

As a result, an ever-widening gap has developed between the index of national income and the index representing consumer's goods and services purchased. Prior to the war there was rather a close correlation between these two. Now, reflecting in part the fact that prices have been frozen to a degree, and the fact that many items which bulked large in retail trade are no longer available, income has moved up faster than consumer expenditures. Large inventories, and acceptance of substitute goods were important factors responsible for maintaining consumers' expenditures in the early stages of the war which no longer can be relied on to maintain dollar sales at

present levels for any extended period of time. As a result of the war there has been an unprecedented increase in the volume of spendable funds but no such increase in the physical volume of goods and services available for civilian consumption. Inflation, or rising prices, may grow out of this change in the relationship between purchasing power and the quantity of goods and services available for purchase.

In the early stages of such a movement, partly because inventories exist for a time to satisfy the increased demand that develops as wage payments expand, people feel prosperous; the sensation of having larger money incomes is very pleasant. Even those of us not benefiting from inflated incomes have personal inventories that can be stretched for a time. As merchandise disappears from shelves, however, and the larger earnings cannot be translated into goods and services desired, whether because of complete disappearance or because of rationing, there is a tendency to value money less and less. There is a willingness to pay more for goods in order to satisfy personal desires. Prices tend to rise as a result. Out of this black markets tend to grow.

Why Do We Fear Inflation?

FROM current discussions, one would certainly gather that nobody wants inflation. In a vague sort of way, most people have been convinced that inflation is something to be feared. These fears, however, are not strong enough, or clear enough, to offset the natural, individual, human desire to maintain or better one's position economically. Everyone wants increased purchasing power personally, which generally is associated with larger dollar incomes. The consequences and dangers of inflation on the entire economy are thus completely submerged by the personal desire for the 10-cent an hour raise that one is seeking.

All income groups have shared in the recent gain in national income, but unevenly. The greatest part of the increase has been in the form of wages and salaries of factory workers, and in agricultural income. Average weekly earnings of wage earners in all manufacturing industries have now risen to above \$45 per

week, in contrast with \$27 per week when the war began. This, of course, results from higher hourly wages as well as the lengthening of the work week, for part of which time and one-half is received. While wages appear to have leveled off in recent months, the wage stabilization program is now in a critical stage. We should learn to reason in terms of "take home" pay rather than the hourly rate. The gain in weekly earnings since the war began, even when allowance is made for increased taxes and social security deductions, on the average, far surpasses the rise shown by any cost of living index.

Ability to control inflation, which may not be difficult so long as the war continues and persons are willing to accept rationing and going without things for which expanded incomes normally are exchanged, depends on what those now benefiting from their larger dollar incomes do with money at their disposal from this time on.

Where Danger Lies

UP to this time the public seems to have been just a little wiser with respect to inflation than most economists thought it could be. We have been hearing about inflation since 1933; a considerable rise in prices has occurred, but it is not the inflation that most of us think about. The gap between income and expenditures for goods and services is widening every month, but so far it has taken the form of increased savings at banks, war bond purchases, and currency in circulation. Combined, there exists today in excess of \$60 billions of liquid funds controlled by individuals; it might rise to \$100 billions before the war ends. Little attempt to spend a large share of these funds probably will be made so long as the war continues.

If, however, a situation should arise whereby the owners of these funds, currency, war bonds, or deposits with banks, should value them less than other more tangible things, there could arise an insatiable desire to exchange money for goods. That, of course, would be inflation of the type to be feared most.

We may never experience that. For some unknown reason, many people today value currency higher than anything else; both currency and bonds are as good as the Gov-

ernment that issues them. Many regard bank deposits more favorably than bonds. Despite all the pleading to buy war bonds, on which, for these times, a reasonable interest return is received, currency in the hands of the public and bank deposits continue to rise.

The mere existence of such a large volume of spendable funds does not bring inflation. It is what people collectively do with these funds that counts. If good common sense could be relied on in the post-war period, the accumulation of this large volume of liquid resources might be a welcome addition to post-war expenditures. There is grave danger, however, in continuing the policy now in effect which is adding to the volume of spendable funds. Public psychology, action and reaction, is a thing on which we never should count. We are too close to the brink of inflation to justify relying on what the public will do if it is allowed to act freely.

The problems of price control and rationing have been complicated to an unknown extent by allowing the nation's pocketbook to be stuffed until the seams are almost bursting. And these problems will not be simplified so long as we continue to follow an expedient course which develops the smallest amount of public opposition numerically.

Why Appeasement Fails

JUST as a policy of appeasement in handling world affairs led the United Nations into its present trouble, so also may a policy of appeasing first one pressure group and then another lead us into financial difficulties at home. And the great pity of it all is that we know what steps should be taken to avoid the possible calamity of a disastrous price inflation. Nevertheless, those responsible for determining policy still feel that, as a people, we lack the common fortitude to accept any sound anti-inflationary program.

In connection with the wartime incomes of different classes of citizens we suggest that our readers turn to the report in the next two columns which shows the increased income of farmers in just one Federal Reserve District.—Editor.

Farm Income Increased by Eleven Billions, Reserve Bank Economist Says

Arthur R. Upgren, vice-president and economist of the Federal Reserve Bank at Minneapolis, presents some interesting facts and figures on Agricultural Income in the Ninth Federal Reserve District. In a special report put out by the bank Mr. Upgren's summary is as follows:

"The improved situation in agriculture's income since 1939 raises new problems for agriculture in the Ninth Federal Reserve District. These problems are new because they are the problems of prosperity—not those of depression. In depression the problem may be how to make income suffice. In prosperous times the problem is how wisely to use the greatly increased incomes agriculture is enjoying.

"Farmers' cash income in this world war period, that is since 1939, has increased more than it increased from 1914 to the peak year of 1919 in the last war period. Though the number of farm families in the United States has actually declined slightly since the last war, from 6,400,000 to 6,100,000, cash farm income will have increased by more than 11 billion dollars or from less than 9 billion dollars in 1939 to about 20 billion dollars. In the 1919 peak their total cash income was less than 15 billion dollars. In the Ninth Federal Reserve District the increase in farmers' cash income has been from 800 million dollars in 1939 to an estimated 2,100 million dollars this year.

"The new economic problem of agriculture therefore can be stated: How can agriculture wisely administer its increased income secured from its great 'victory production' sold at prices that now stand at an index of 193 in comparison with the peak of 228 in 1919? (The period 1909-1914 is 100.)

"Agricultural and farm leaders have given their own answer to this question. It is (1) to clean up all current indebtedness to be in the 'clear' for future contingencies, (2) to purchase war bonds regularly to cover

depreciation of equipment and to provide reserves out of which to purchase civilian goods when they are again available to further improve farm living, (3) to reduce mortgage debt, and (4) not to enlarge farm holdings beyond a size necessary for efficient operation.

"Such a prudent use of increased income will serve two valuable purposes:

"First, agriculture will be able to share in the buying of many civilian goods after the war, especially the now almost non-existent durable goods. In this way agriculture will help industry after reconversion to provide that large number of jobs that is in turn the fundamental requirement for good markets and fair prices for things the farmer has to sell.

"Second, agriculture and all private lenders as well, through avoiding participation in a land boom accompanied by rising farm mortgage indebtedness will be keeping its own financial house in order to weather any contingencies that it may face after the war.

"In this effort to achieve these goals local bankers can join with agriculture to continue to serve their country well to maintain after the war the freedom that is the banner under which we now all fight. Without the wise administration of income during the war by agriculture, and all others as well, neither agriculture nor industry can have that robust economic health that we all want after the war.

"Much as a government can do to relieve agricultural and other forms of distress, that relief increases the measure of control and decreases the extent of freedom we as a people possess. For agriculture there probably is no distress as serious as a land boom and its aftermath. Every effort must be made to avoid it. In a democracy each and every one of us has his part to play in such an effort of planning wisely and taking careful forethought for the future."

What Kind of Plans Are Needed

V-Day Is Only Start of Problem

ONE of the most overworked phrases in our current vocabulary is "post war planning."

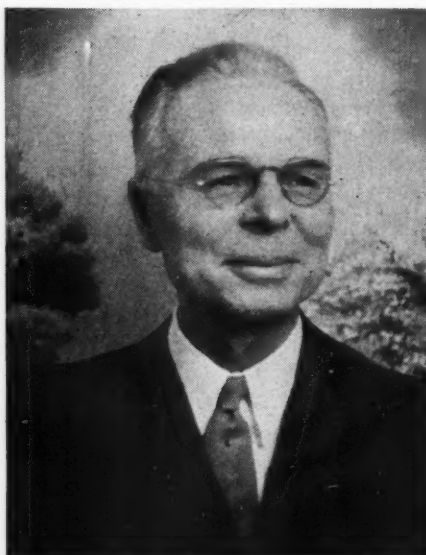
With our customary enthusiasm we are beginning to plan not only for ourselves, but for the rest of the world. If the volume of the planning could be accepted as an indication of success, we could rest assured that our problems will all be solved. Unfortunately, quality and quantity are not synonymous. We are faced, now as always, with the stern necessity of sifting the good from the bad.

In the field of credit relations the credit man is constantly urged to put his house in order. He is told that the halcyon days of the present will not last indefinitely, and that he should plan for the future in this period of comparative ease in credit work. This advice, plainly well intentioned, seems to be based upon the assumption that the cessation of hostilities will enable us to resume, very quickly, a peace time way of life such as we have known, and for which we feel a nostalgic affection.

War Bring Altered Conditions

JUST what should be done by way of such planning is not clear. The failure to be specific is understandable. It is impossible to predict, with any degree of accuracy, the pattern to be followed in the post-war years by our industrial and financial systems. Too many new and unknown factors will bring their influence to bear to make planning for the credit future of any value now. It seems to me that the best advice which can be offered in these uncertain days is the suggestion that we try to look beneath the surface in an effort to understand what is really happening. If we are able to develop a fairly clear picture of the historical process now unfolding, we may utilize this knowledge as an effective instrument for solving future credit problems.

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A recent writer tells us that there is a more profound conflict going on than even the war. It is a struggle to find a way of life expressive of the knowledge, the resources, and the aspirations of contemporary men and women. Please note the words, "a struggle to find." Evidently, the writer is not convinced that such a way has already been found. I venture to believe that if, and when, such a way is found, our present social, political, and economic institutions will have undergone changes which will make them all but unrecognizable judged by today's standards.

From other sources we learn that this war represents an attempt to develop a functioning industrial society. The Nazis base their attempt on conquest and slavery. We, on the other hand, want to win the war in order that we may give our meaning to the peace which will follow. We want to win the war in order that a functioning industrial society may be created with peace and freedom

as its objectives. To defeat and disarm our enemies will be but the beginning of our problem.

Must Open New Books

CHANGE is in the air we breathe. Everyone admits, at least in theory, that the world of the future will be a different world. All our actions, however, seem to be predicated on the belief that the coming of peace will enable us to take up where we left off, and go on from there to new and greater heights of achievement. It is assumed that our forward march will follow traditional and orthodox business practices. Such hope is utterly vain and futile. A second world war attests only too well the fact that deep fundamental conflicts had developed which resulted in the present conflagration. The end of the war will thrust upon us the task of building a new order which, let us hope, will not contain too many of the evils which hastened the end of the old.

A great many of our people are totally unaware of the developments in technology and business which are rapidly transforming their lives. They look at all that has happened with unseeing eyes, and it vanishes into nothingness. On the one hand we have a sense of coming change; on the other there is a psychological rejection of change. We fear the uncertain and the unknown. The resultant is wavering, indecision, and inability to face reality.

Our lives are affected to a greater extent than we realize by the economic conditions under which we live. It appears to me that it is of vital importance that we make a more intensive effort than has thus far been made to understand and control the forces pressing in on us from every side. We must realize that what serves our purpose today may not necessarily serve it tomorrow. New methods, and perhaps a new social

spirit, to meet new and pressing needs is essential if we hope to escape disaster.

How to Plan for Future

WITHOUT attempting to be exclusive or exhaustive, I present herewith an outline of the type of information a credit man should possess if he desires to formulate an effective "plan for the future."

First of all he should know something about the various stages through which our capitalistic system has passed since it superseded feudalism. The study will be found both interesting and instructive. Being an important cog in the business machine, he will derive pleasure and profit in learning about Mercantile Capitalism, Industrial Capitalism, Finance Capitalism, and finally High Capitalism. How, then, and why did one displace the other? If the investigation is followed through, it is quite possible that many a dark corner will be lighted, and what was formerly obscure will become clear. A study of our industrial inheritance should be a must in the education of every good credit man.

Credit men should have a good working knowledge of economics, including present-day practices regarding the production and distribution of goods and services. He should know why current methods have failed to contribute to the happiness and welfare of all our people. He should know something about the problem of management and direction of the new physical energies so that they may more fully contribute to realization of human possibilities.

As an example of the type of study proposed in this article, let us take a quick look at Capitalism and Free Enterprise, concepts so much in the public mind today. Suppose we add another important member making it a trio. The third member we will call Technology. These are not all different names for the same thing, although all three may be roughly lumped under the heading of business. Each one has its own peculiar characteristic.

Productive Enterprise

CAPITALISM, for our purpose, may be defined as productive enterprise based on private ownership of the means of production, and depending primarily on the profit motive for its driving power. Free Enter-

U. S. Supreme Court Rules Relief Act Is Not Blanket Bar

Washington: The United States Supreme Court on November 14th refused to review a decision by the Court of Appeals of New York State which was to the effect that an obligation incurred by a man in civil life could not be ignored when he entered the Armed Forces.

The point involved was the foreclosure of a mortgage. The owner had defaulted on his obligation for some time before his induction into the service. He sought to have the proceedings stayed on the ground that he was entitled to the benefits of the soldiers and sailors relief act. It will be remembered that the lower court ruled that the statute is to be liberally administered but that it is not to be employed as a means of enabling a person who has defaulted on his obligation in civil life to obtain indefinite delay because he was inducted into the Armed Services.

This view of the lower court was affirmed by the Court of Appeals and by denying a petition for a review, the United States Supreme Court now makes the decision of the Court of Appeals final in this case.

prise is the power to engage in a business pursuit, make anything for which there might be a market, and then sell the product at the best price obtainable. Free Enterprise as its name implies involves, above all, freedom of choice so long as that choice does not conflict with the public interest. By Technology we mean the contribution to increased and improved production furnished by science and research.

At times the aims and purposes of each may be antagonistic toward the others. Seldom, if ever, is a perfect balance obtained. The ideal functioning of the capitalistic system demands that each one contribute its full share to the well being of the whole. Many of the ills we have suffered in the past can be traced to the fact that one or the other of our trio has not worked in harmony with the others. That they should work together in the common interest, and that there must be maintained an equitable balance between consumption and productive capacity is vital to the perpetuation of our democratic institutions.

Studies such as these will prepare the credit man for the coming responsibilities to a greater extent than the attempt to follow much of the nebulous and superficial advice which has come to my attention.

As I have indicated, the future remains unpredictable. We don't know, for example, what effect a huge public debt and an unbalanced budget will have on future business proce-

dures. What about the vast flood of new money forced into circulation as a result of deficit financing? Will there be established an effective balance between consumption and productive capacity? What about the relations between management and labor? Will government and business co-operate? The real test of this country's ability to maintain prosperous conditions after the war will depend upon the skill with which these problems are handled. How they will be met is, at the moment, an undisclosed secret.

Credit Men as Thinkers

THIS second world war is emphasizing the distortions and dislocations which before the war were having such a devastating effect. It will be interesting and instructive to follow the program of reconstruction. If we are fortunate enough to understand the process, it is possible that we will take an active and intelligent part in the program as it will develop.

To understand the issues, to see the task which lies ahead, and to contribute all that we have in intellectual and spiritual power is, I submit, effective and satisfying planning for the future. With objectives of such supreme importance the challenge cannot be refused. To accept the challenge will serve a double purpose. We will become not only credit men with vision, but in the broader field of good citizenship, we will become positive and dynamic forces to progress.

The Credit Man Looks Ahead

He Should Not Listen to Calamity Howlers



In the darkest days of the war, my confidence in an ultimate allied victory was never shaken.

It was based not only on my belief in the justice of our cause, and in the might of the allied arms, once it had the time to properly produce, mobilize, and be transported.

This belief, faith would be a better word, went much deeper than that. It went to the very foundation of the human conception of our entire structure of morality. Practically every person who has been fortunate enough to be brought up under the banner of the democratic way of life, and numerous others who are unfortunate enough to be subjected to totalitarian ideals, have been taught from early childhood that right eventually triumphs over might and that wrong-doing eventually is overtaken with punishment.

Our whole system of morality is based on these beliefs, which we in democratic lands have come to regard as fundamental truths. A negation of these beliefs would undermine our whole social and communal structure, would even deny the teachings of the Ten Commandments, and would tend to create a situation which to every God-fearing and right-thinking man would be unthinkable.

We Begin to See Daylight

IT is these self-evident truths which have been such a rock of comfort to us throughout the entire dark period, and although the night has been long and hard, we are finally beginning to see the daylight ahead. From defense and defeat, we are now progressing to offense and victory. The road is still hazardous and costly, but we are now definitely on the upgrade.

However, even this situation demands more than a word of caution. Over-optimism could do great harm

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not only to our fighting front, but to our home front as well. As credit men, we must leave the military angle to those qualified to handle it. We can, however, do much to help the home front continue to proceed on sane and conservative lines, and this will help uphold the morale and the efficiency of our fighting front in many ways.

I cannot have much sympathy with or respect for the man who preaches defeatism by telling us that inflation, unemployment, tremendous economic waste, and dumping of surplus merchandise will be the inevitable heritage of the peace that will follow our victory. Admiration and support, however, are due the efforts of those who would protect us against the contingency of such disastrous effects. Now that we are beginning to see the daylight, let us on the one hand suppress the proponents of defeatism and of disruption of our economic life, and on the other hand lend every aid to those who sincerely plan a safe and sane post-war economy.

Must Be Practical in Planning

WE hear so much today of post-war planning. Let us beware of making a fetish of it instead of a definite means toward an end; of making an unattainable dream of something that must be translated into hard, actual fact. Let us put practicality into our planning, not the idealism of a dreamer, and let us stop talking and start doing things.

The man who predicts unemploy-

ment and economic waste is spreading a dangerous virus. Make him see the error of his ways, and preach production instead. Production of the many things we have had to use up or do without during the years of the conflict; production of new and useful and better things that the engineers of war production have discovered and invented for us, to make our domestic life more livable, and our economic life more useful, more productive, and more beneficial for us and for society. Let all of us unite in creating a desire for all of the numerous blessings of peace that will come to us as a result of the horrors of war. In science, in physics, in electricity, in chemistry, in radio, in engineering of all kinds, there will come to us the wonders of a post-war world, and the need for the men to create these things for us and for themselves.

And the man who preaches inflation is somebody we can also do without. Let us convince the American public that inflation can be avoided and let's do something about it besides talking. Support every government regulation directed against this evil, and help create public confidence by preaching and building up a psychology that this evil *can* be avoided.

Will Regulation Continue?

AS to the dumping of huge surplus government stocks, let us bear in mind that government regulation will not end the minute peace is declared. The wheels of the machinery that was created in time of war to protect us against the evils of a war-time economy will not stop functioning when the enemy surrenders. And remember that ours then will be the task of feeding and clothing a large part of the world. The surplus stocks in government storage will undoubt-

edly be used for that purpose, without competing with manufacturers and merchants handling similar items.

And right here is where the credit man steps in. He can do some real post-war planning right now, and help prevent inflation, too, likewise some serious economic losses. I believe that most, if not all credit men, want to cooperate, but doubtless many are confused by high-sounding talk that contains no practical suggestions. Unlike the production engineer he cannot visualize too far ahead. Such a process would be dangerous, as the granting of credits should be governed by present conditions and those foreseeable in the near future. To go farther would be to enter the realm of speculation.

So let's try our hand at a little conservative post-war planning. We may not do much more than hit the high spots, but will attempt to give you something to sink your teeth in. You can use this as a foundation and a starter, and then from then on use your own judgment and initiative.

First of all, I would maintain all of my accounts in first-class shape. A man who cannot pay his bills promptly under present favorable business conditions, not only is not entitled to further shipments while his account is past due, but actually needs watching. If his slowness is voluntary he may be building up a cash reserve against the day of reckoning in the protection of his own interests. If his slowness is involuntary, war-time industry in his locality may be retrogressing. Either condition calls for caution and investigation. When I refer to the day of reckoning, I do not mean any economic collapse, but the time when the merchant ceases to be the beneficiary of war-time prosperity, and must look for his customers among the ranks of consumer-goods creators. It is easily conceivable that in some localities the transition may be a serious problem.

Would Limit Off-rated Accounts

NEXT, I would limit all off-rated accounts to the highest credit recently granted, and might even cut down that limit where conditions served as a caution. On the other hand, I would try to increase the

business of well-rated concerns in a liquid condition, especially those favorably located to receive the benefit of peace-time conversion.

Following this, I would want to know the financial condition of all but my A. No. 1 customers on January next. I would even include the A. No. 1's, if I had no statement on or from them in 1942. Statements could be obtained either direct or through the agencies, and should contain an operating statement, also a representative list of up-to-date sources of supply. That list of references is highly important. Under today's conditions, few wholesalers or manufacturers are taking on new accounts. That list of references will enable you to make periodical check-ups as to purchases, amount owing and method of payment.

Then, you might instruct your salesmen to report once each month on conditions in their territory. It is true that under present conditions the salesmen are limited in their travels, but they can still send you a representative report. And don't forget the big help that many local banks and attorneys can be to creditors.

Check Up on Territories

REPORTS on conditions in important localities can probably be obtained also through the agencies. In past years, where such requests were moderate, reports were furnished subscribers as a matter of accommodation. It may well be that under present conditions they may have to charge for this service, but if you need this information, it will be well worth any reasonable charge.

If your business intends to manufacture new products, or look for additional outlets for the products customarily in your line, now is the time to survey the field, both direct and through your salesmen. Create an interest on the part of your regular and potential customers in the products you intend to market after the war, whether those products be old or new. And create a desire in those customers for the particular products emanating from *your* company. If this marketing calls for increased lines of credit, or information of prospective customers, the small cost necessary to revise or build a new credit file will be fully justified. Cooperate fully with your Sales Manager, as your interests are interlocking

and your goal is identical, to build up your business.

A customer may have certain stock which on account of quality or price ceilings may not be movable in his particular locality, or with his established trade. There are certain sales agencies which are handling a large volume of export business to friendly countries who would probably be very glad to take this merchandise off his hands. Some of these agencies are well-rated, and worthy of credit. Others are in position to make the necessary credit arrangements to justify shipment.

Service to Your Customers

SOME of your larger customers located in strategic areas may have special problems on which consultation with the credit man may be of great mutual benefit. Such a customer may be located in a center which will benefit greatly from the conversion to peace-time economy. You might learn of this directly from the customer, or from your salesman, or through agency or business reports or through news items. Here would be a wonderful opportunity to build up customer good-will, and dollar profits both for yourself and your customer. Consultation with him on remodeling, expansion, the building or rental of additional or new quarters, the taking on of additional lines of your company, or of other products either customary or new to his business, may be the means of ushering in a new era of expanded business dealings with this customer. There may also be cases where some of your customers may be planning either a removal or expansion to a more favored locality which stands to benefit from the peace-time conversion program. This may be either because of a strong possibility that the ending of the war may materially cut down the earning power in the community in which they are already located, or because of the probability of some other community being in line for a conversion to peace-time economy with little or no loss to existing employment.

The credit man should work in close harmony with the sales manager at all times and also endeavor to keep in touch with existing conditions and important prospective changes in

(Continued on Page 29)

Credit Panorama

Department Work Offers Many Opportunities for Industrial Prowess

C Our credit work follows a certain routine and involves endless repetition. In that respect, it is little different from the other business departments with which we associate. Sales, purchasing, production, accounting, traffic,—all have this characteristic. In fact, our daily lives, follow much the same pattern. The new experiences which we encounter from day to day are comparatively few.

Such a state of events is not to be criticized. We know that we do things better after we have repeated them many times. Driving cars, operating radios, swimming, walking, talking, and a myriad of other things become so familiar through repetition that it seems that we were born with such accomplishments. We know, however, that such is not the case. We must learn to do things. In our office work it has been necessary for us to learn the various routines which are followed. Undoubtedly our predecessors, originated most of the methods which we use. We may add a contribution here or there, but such deviations from the beaten path are uncommon. For the most part it is possible for us to function without being very original. We feel that we have been quite aggressive if we read in books or magazines how someone else has done things and pattern our efforts after them.

We Are Not Automatons

CAN we say then that a credit man's work is entirely routine? Is he an automaton performing without thought or knowledge? Fortunately that is not true. Routine and repetition are the life and soul of system and we must have system if we are to be efficient. We must, however, have something else. Regardless of how systematically our work is laid out, we as credit men must still be trained to analyze situa-

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tions, follow trends and make decisions. *There is no substitute for management.* That is the justification for the position which the credit manager holds in a modern business.

Capital in the form of salable goods is constantly being converted into accounts receivable and then back to capital funds. The salable goods apple is dipped into the accounts receivable kettle and immerses with that sweet covering called profit. The credit man is the kettle tender. He says when to dip and when not to dip. There are many things which he must know about accounts receivable which a system does not provide. With good judgment based upon proper knowledge and experience, it is his responsibility to know that the capital invested in accounts receivable will return to its source, and thus becomes available for future operations.

WHAT in general are a credit man's qualifications for success? He has a job to do and naturally he wishes to be successful. To do so he must be informed regarding the particular subjects with which he will come in contact. At least a basic knowledge of accounting with some specialization in analyzing financial statements is a necessity. He must be familiar with credit department routine and be able to write effective collection letters. His reading of good books, papers, and magazines should be sufficiently extensive to keep him in touch with current events and the trend of the times. A knowledge of business law is needed to allow him to recognize the nature of credit situations and obtain necessary legal advice. It will also be well worth his time to do some reading on psychology, especially the psychology of dealing with people. It will be desirable for him to make a study of human nature and develop his judgment of individual character. Lastly, he must develop a philosophy which will allow him to withstand the trials to which he is sometimes subjected and allow him to enjoy to the fullest extent the particular pleasure and satisfaction which are inherent in a job well done.

Human beings in general have a common desire to do the right thing by their fellow men. They differ in their ability to fulfill their desires. A certain group of business houses always pay their bills promptly. Another group is always slow. Between these extremes lies a broad belt containing innumerable potential customers. There we find every shade of variance between good and bad. Some will be prompt today and slow tomorrow. Some vary with the seasons, while current business conditions are the curse of others. Some are allergic to a large volume of business; others can't stand a small volume. Some

keep their promises; others do not. Some know what it is all about and are making good; others carry on a hopeless struggle. Some care; some are carefree. All in all it is an interesting group and a profitable one to study.

How Far to Go?

UNDER normal conditions, no one will turn down sure pay customers. They may demand rock bottom prices and will take their cash discount, thus decreasing the net profit. Nevertheless their business is considered desirable. The difficulty lies in the fact that there are not enough of them. In order to obtain the volume necessary to cover overhead and produce a profit, the ordinary business must draw upon this other less dependable source. How far each business will go will depend upon the ability of the management to correctly analyze their particular situation and the success of the credit manager in putting their policies into effect. The aim of management should be to push sales to the so-called marginal accounts as long as the increased write-offs for bad debts are more than covered by the profits on the additional sales obtained. No credit man will purposely approve an account if he knows it will not be paid. There will, however, be some of this type included in the marginal group, and to participate in this business, it is necessary to take some chances. If the failures are not too numerous, the outcome is still favorable.

Theoretically at least it should be possible for the management of a business to say just how much their sales will be increased by allowing their write-off percentage to rise from say 1/2% of sales to 3/4% and how the profit on these increased sales will compare with the increase in bad debt losses. From a practical standpoint probably few can figure it out quite that closely, but each individual business should feel certain that its credit policy is sufficiently liberal to bring in the maximum amount of profitable business. This principle can be applied in building up a run down territory, in opening new territories, and in developing new lines and new outlets for old products. Whatever the situation may be, if a liberalizing of credit will result in an increase in net

profit, an opportunity exists which should not be overlooked.

Take a Personal Inventory

ASSUMING that a credit man is well qualified and sincere in his efforts, it is still important that he stop periodically to take inventory. A man may appear to be well qualified and still not be overly successful, because he has not properly analyzed his job and learned to put first things first. In almost any job promptness is a virtue and credit work is no exception. It is not only what a man does and how he does it, but when he does it that counts. *Today's work should be done today!* An enormous amount of time is lost as a result of things not being done on time. Tasks put off until the details are unfamiliar, unanswered letters, unnecessary follow-up letters, opportunities lost through neglect, unnecessary wires and phone calls, regular routine interrupted by emergency work, and overtime work on last minute rushes, are some of the results of not doing things promptly when they should be done.

Granting that the above described situations are undesirable, an effort should be made to hold them to a minimum. The ordinary person is not overworked to the point where he cannot complete his work on time. If a person is really overworked, he will consistently fall behind until he is through necessity given relief, but the one who was five days behind a year ago and still finds himself in that situation today is of a different stripe. His problem is one of poor management. Individuals of this type thrive on emergencies. They are experts in all of the heroic methods to be used in getting out of trouble, but are not so well versed in the art of avoiding trouble in the first place. Needless to say, their technique is expensive. They do not succeed in shelling many beans as they are too busy picking up the spilled ones.

Plan Your Work; Work Your Plan

PERHAPS it would be useful to all of us in keeping our work under control, if we were to analyze and clarify our activities. They can be divided readily into two parts, namely routine and non-routine work. Routine work is that type which oc-

curs regularly. It may occur regularly each day, each week, each month or even each year. If allowed to continuously pass these periods undone, it will double, triple and so on. No one can afford to let this type of work fall behind.

Non-routine work does not occur regularly and because of its nature and relationship with other items cannot be completed in that manner. Problems sometimes arise on which we need to put extended thought. It is often helpful to sleep over such situations. Psychologists explain that our subconscious minds work for us while we sleep and it is commonly recognized that the desired solution of many problems can be achieved by overnight deliberation. Be that as it may, doing today's work today does not involve haste or the exercise of snap judgment. Rather it is the result of recognizing that some work because of its nature must be done promptly and regularly, while other work, though important can be handled in a more leisurely manner. Neither is it a case of doing important things first. Everything we do should be important.

Now how can the success of a credit man be measured? What is he trying to achieve? A factory has its volume to produce, the sales department its quota to sell. When these things are accomplished, the responsible individuals relax with a justifiable feeling of satisfaction. They have succeeded! What must a credit man do to be worthy of that same inner feeling of elation? Wherein does his success lie?

A Profession of Status

A CREDIT man should consider his work as a profession. He should realize that as he acquires more experience and secures a better grasp of the many problems involved in credit work, his perspective will increase. By observation and study combined with his everyday routine, he will eventually acquire a specialized knowledge of the science of dealing with customers. He will know how to read their financial statements, analyze their accounts, estimate their requirements, judge their character and ability, and collect from them when they are slow. He will learn that the salesmen in his organ-

(Continued on Page 29)

Economist Reviews War Financing

University of Pennsylvania Professor Discusses Dangers of Inflation

WITH \$15,000,000,000 more more money of individuals and business firms invested in government obligations as a result of the Third War Loan, a timely study has been released by the National Bureau of Economic Research elucidating the various aspects in which war financing bears upon inflation during the war and after it.

The most spectacular fact about the government's war financing, the study points out, is the increase in the nation's money supply which has resulted from it. Accompanying this, and an important factor in the problem of averting inflation after the war, is a similar unprecedented increase in "liquid claims" against the government, principally War Saving Bonds.

If redemption of these and other "liquid claims" is called for in large volume in the immediate postwar period, this could result—by recourse to governmental bank borrowing—in a further increase of the nation's money supply at the time. Thus the two phenomena, the study points out, are closely linked.

The study is entitled "The Effect of the War on Currency and Deposits" and its author is Dr. Charles R. Whittlesey, of the University of Pennsylvania. It was published by the National Bureau of Economic Research, of New York, and is one of a series prepared by that body under the general direction of Dr. Ralph A. Young, of the University of Pennsylvania, with grants from the Association of Reserve City Bankers and the Rockefeller Foundation.

The report opens with the statement that the increase of the nation's money supply which took place be-

tween June 30, 1939 and the beginning of this year—roughly, \$37,000,000,000—was greater than the total increases that had accumulated in the entire preceding century and a half of the nation's history.

It was a far greater percentage increase than occurred during the First World War. Yet, the study points out, the rise in prices during the present war has so far been much more moderate than in the First World War and in the Civil War, because of a variety of factors which are analyzed.

"Money Hoarding" Is Not Cause

ONE phenomenon of the current situation which in some quarters has been regarded as symptomatic of money hoarding—the great increase of currency in circulation, from roughly \$6,000,000,000 on June 30, 1939 to roughly \$16,000,000,000 on June 30 last—is a continuation of a twenty-five year trend, according to the study, greatly accentuated during the war by the monetary necessities of enormously increased production.

It is almost entirely accounted for, according to Dr. Whittlesey, by millions of more workers, higher hourly wages, more hours of work per laborer, and the consequent need for more payroll cash in plants and offices, and till money in retail stores. In addition, enormous additional sums of currency are needed for the payment of the millions of men in the armed forces.

A further factor tending to the holding of larger amounts of currency by the public, says the report, is that "many of the individuals receiving increased income and dependency allowances have never been

accustomed to handling their affairs through banks." Shifts in population to new surroundings, inconveniences in the way of establishing new banking connections, and the temporary nature of the residence of many workers have had a like effect.

One interesting new aspect of the larger amount of currency in circulation is that, in terms of total value, \$20 bills for the first time have supplanted \$10 bills throughout the country as the most widely used monetary type.

Increase in Checking Deposits

WHILE currency in circulation increased roughly \$8,000,000,000 in the three and a half year period covered by the study, the other main form of "money" used by the American people, checking deposits in the banks (including government deposits), increased roughly \$29,000,000,000 in the same period.

One of the new lessons widely learned by the American public during the Third War Loan Drive just ended was that the reason for confining the \$15,000,000,000 Third War Loan to individuals and business firms was that governmental borrowing from banks is, in many respects, equivalent to the manufacture of so much paper money.

As part of his study, Dr. Whittlesey describes the process by which the volume of demand deposits in the banks, ultimately coming to the disposal of the general public, is increased by bank purchases of government obligations. This is, he points out, "one of the most ingenious operations of the entire financial system, yet it is sufficiently subtle to remain a mystery to most customers of banks, and even, it may be said, to many bankers."

FORMERLY, expansion and contraction of checking deposits automatically reflected the changing money needs of business and the public, but one of the most significant results of war financing is that, since the vastly increased deposits are now based on bank ownership of government obligations "any automatic tendency toward early contraction of the supply of deposits has now disappeared." In short, the increased volume of deposits generated during war may be here to stay.

Currency in circulation—that is, paper money and coins—may be expected to decrease with the war's end, Dr. Whittlesey holds, for various reasons which he outlines. The main portion of the nation's money supply, however—its circulating bank deposits—are likely to remain at the high volume established by the war unless they are reduced to two developments: partial payment of the government debt, or absorption of government obligations now in bank portfolios by sale to individual or institutional investors.

Money Now Comparatively Idle

ONE notable contribution of the study being commented upon in financial circles is the emphasis given to the fact that, in spite of the spectacular increase in the nation's money supply, the money at the command of individuals and business firms has been, as a total, more idle during the war than has been generally realized.

The velocity of bank deposits in 101 leading cities, as computed by the Federal Reserve Bank of New York, declined in the three war years from 22.5 to 20.5 times per annum.

The causes of this significant phenomenon, the author finds, is that "some businesses and individuals have increased their holdings of deposits and currency in order to provide for growing tax liability, the purchase of government bonds, debt retirement, further purchases of goods and other emergencies. Such accumulations slacken the rate at which money circulates. Heavier balances of the treasury have also had some effect."

"Inflationary Gap" Theory Criticized

THIS enhanced "idleness" of our total money supply during the war

provides the basis in the study—together with other considerations—for some criticism of the validity of the "inflationary gap theory" which has been so much stressed in Washington legislative and administrative circles.

The total dollar figure of income received by the public may be vastly greater than the dollar value of goods available for purchase by consumers, but this mathematical "gap" has an effect in increasing the general price level only to the degree that the added money income is put to use by the recipients.

"Income retained in the form of idle balances," the author points out, does not exert any direct influence on prices.

This frequently overlooked factor, he finds, is one of the several masked influences explaining the moderate rise in the American price-level during the present war compared with previous wars, in spite of the fact that the nation's money supply has increased more during the past three and a half years than in the preceding century and a half.

After-The-War Inflation Problems

"IT is likely," Dr. Whittlesey says, "that for some time after the war the task of preventing the sudden release of reserves of purchasing power—cash and liquid claims—will be one of the major problems of monetary and fiscal policy.

"The potentialities inherent in a large volume of idle balances constitute a dynamic element of considerable significance, while the possibility of exercising some degree of control over this latest force represents an important strategic problem in the battle against inflation."

Linked with this phenomenon of present unused money at the command of business firms and individuals, are so-called "liquid claims" which, under our monetary system, can be quickly converted into additional currency or checking bank deposits.

These "liquid claims"—not included by economists in the totals of our "circulating medium" or money supply, because they are not actually used by the people in purchasing property or services—consist of time

deposits of large corporations and institutions, savings deposits, War Savings Bond and various short-term Treasury certificates such as tax notes.

When these "liquid claims," quickly convertible into cash, are added to our "circulating medium"—that is, checking deposits and currency—the "liquid resources" at the command of the public increased, according to the study, \$72,000,000,000 in the three years ending in 1942.

"The existence of a large volume of obligations payable on demand (as in the case of demand deposits and War Savings Bonds) or after a short period of time (as in the case of time deposits and short-term Treasury obligations) inevitably raises the question of the possibility of strain in case any exceptionally high proportion of the claims are liquidated at any given time.

"The basis for the present concern over these liquid claims lies in the clear fact that their volume is not only higher than ever before in their history, but is rapidly expanding."

Postwar Problems Being Created Now

A FINAL point very strongly emphasized by Professor Whittlesey is the need for those in charge of fiscal policy to remember that postwar finances will be determined in large part by war finance.

"Probably the most important conclusion to be drawn from the analysis presented in this paper," he says of his own report, "is that the methods of borrowing employed during the war will influence what the Treasury and the banks will be able to do in the postwar period."

"Fiscal policy is construed much too narrowly if we think of it independently of the circumstances in which it is expected to operate. Not the least of these external circumstances is the volume of circulating medium."

"It is essential to recognize at all times that the policies of today are setting the stage for the policies of tomorrow. This is true in the realm of fiscal policy; it applies also with respect to central bank policy and to the policies of individual banks. We are helping to determine today both what must be done at some future time and how it can be done.

Stuart Chase Urges Government Control of Postwar Finances

*Twentieth Century Fund Economist Writes on
"Where's the Money Coming From?"*

OF America has enough productive power to pay the money costs of war, support full employment after victory is won, and ultimately to give this country the highest standards of living it has ever known, asserts Stuart Chase in his new report. *Where's the Money Coming From?: Problems of Postwar Finance*, which The Twentieth Century Fund published recently.

This is the third in a series of six exploratory reports under the general title **WHEN THE WAR ENDS** in which Mr. Chase gives his own conclusions on postwar questions.

The noted writer on economic subjects says that at the end of this war "the physical structure of the American economy should be the strongest in its history. Plant, raw materials, skilled workers should be available for a vast increase in living standards."

The main job, says Mr. Chase, will be to carry over into peacetime the huge output achieved in wartime, and to do this he predicts and advocates what he calls a "compensatory economy." This is a system, he explains, "where businessmen largely own and operate the means of production, but where the government underwrites full employment by its control of existing financial machinery."

Mr. Chase calls such a system "the only practicable hope of those who want a maximum of free enterprise." He says, "In a compensatory economy, the government is responsible for full employment and social security. It is guided and checked by the measuring rod of a regular count of the unemployed. It relies heavily on taxation to keep the dollar circuit in active motion. Public works programs . . . are on file ready for all

emergencies, and the economy is also committed to a permanent program of public works in their own right and necessity. Through these and through social security legislation, it becomes possible to assure the budget of essentials—food, shelter, clothing, health services, education—to every American. A compensatory economy appears to be the next logical step."

Where Does Money Come From?

LOOKING directly at the question of war and postwar finance, Mr. Chase says, "Well, where DOES the money come from? Where did Russia, Italy, Japan, Germany get the money for their vast military and building programs? Where did Britain and America get it for their colossal war outlays? They got most of it out of the labor of people and machines hitherto underemployed."

In showing how this principle works, Mr. Chase says, "The question of where's the money coming from has one answer in the case of the individual, and quite a different answer in the case of all individuals united in a nation. As in the matter of debt, it is meaningless to identify the individual with the nation as a whole. That kind of thinking leads into a blind alley. If you have no money, you cannot buy that beautiful new car. Period. But if you, and all your fellow citizens, want to buy a beautiful new river development project or a beautiful new war, there is nothing to stop you from doing so. What you can 'afford' moves into an entirely new dimension.

"In your collective capacity you can put men and machines hitherto idle to work. . . . You can buy your war and its costly equipment right up to the

limit of the nation's manpower, machine-hours, and materials.

"Except for our fears and financial traditions, the same formula can be followed in peacetime. The orders then, however, are for highways, schools and Grand Coulees, or for food, shelter and clothing purchased by those who receive social security benefits. So long as there is slack in the economy, you and your fellow citizens acting through your government can always take it up, by expanding the orders on industry in peace or in war. But you must take it up deliberately and with forethought. The slack will not take itself up in any world that we can now see ahead of us."

In describing a compensatory arrangement under which the government makes up for or "compensates" for any gap in private employment, Stuart Chase sets down what he calls the four basic principles in a compensatory economy:

First, businessmen should carry the maximum possible load of production and distribution, so long as the output is sound, in demand, and able to pay its way.

Second, the federal government, in co-operation with local governments and local groups, undertakes to fill any serious gaps in employment left vacant by ordinary business activity. This is done chiefly by financing local projects, not by direct federal construction. Taxation and government investment are the primary levers.

Third, the federal government insures national minimum standards, by social security legislation, and by public works and services in the fields of health, housing, nutrition, education.

Fourth, government benefits should

be extended primarily to citizens as consumers, rather than to producer groups. Subsidies to keep inefficient businesses afloat — no matter how small and pathetic they may seem, subsidies to farm blocs, subsidies to labor organizations, are not contemplated in this plan. Subsidies to children, mothers, old people, sick people, people temporarily unemployed, are.

Calls Tax Money a Factor

TAX policy, says Mr. Chase, is a vital factor in making workable a compensatory system such as he foresees and advocates. "I insist as forcefully as I can that a compensatory economy requires a flexible and efficient tax engine to make it go. By means of such an engine, idle money can be kept from accumulating in the system. By means of it social security benefits are paid for, and public works financed—unless they pay their own way, like a toll bridge. By means of it an inflationary boom can be stopped in its tracks, the national debt can be kept within bounds, the budget balanced over reasonable periods, and businessmen assured of dependable markets.

"Our tax structure . . . should be remodeled and streamlined from stem to stern. First, the tax system should be based squarely on ability to pay; second, it should be simplified." Mr. Chase discusses a number of tax proposals, such as a tax on idle money, incentive taxation, and a spending tax to show that tax policy might be used to stimulate production when this was needed and also to act as a brake on a dangerous boom. He says, "In general a tax on idle money would seem more useful as a stimulant against depression, while a spendings tax might act as a sedative to quiet an over-active boom. The tax lever in one form or another is absolutely cardinal in the compensatory system."

In analyzing the need for making available credit on very low interest rates, Mr. Chase says, "A compensatory economy needs a flexible credit system as well as a flexible tax system . . . Whether or not we need public credit for alleviating unemployment, we shall certainly need it for self-liquidating public works in their own right—the hospitals, conservation projects, schools, harbor improvements, highways, and the rest, which a modern state demands. And

we shall probably need it to help provide employment in the demobilization period."

On the question of public employment, Mr. Chase says, "When the government steps in to underwrite full employment, it has two major fields in which to operate without

seriously competing with private business: public works and social security. The latter does not employ anyone directly, except the clerical and professional staff, but it can stimulate employment indirectly by the steady flow of purchasing power which benefit payments encourage."

Post War Business Through Good Will Planning Today

By JOSEPH FERNALD,

Credit Manager, Haskins Brothers & Company, Omaha, Neb.

So much has been said about the terrific battle that is to come for postwar business, that one wonders if such can really be the case. Undoubtedly all business is going to make a special effort to get their share of the postwar business, a business that can't help but be there, with the tremendous amount of Bonds, and savings now being accumulated, the people holding this enormous amount of money, will be hungry for new goods, and the company that prepares for it now, will be the one to reap the harvest later on.

This postwar business will be comparable to a good football team, the team with the better co-ordination and the extra passer usually comes out on top, so it is with us in business, the firm that co-ordinates all its resources and successfully builds good will Now, is the firm that will get more than its share of business.

Good Will can be developed in many ways, but probably the least expensive and with the surest results are timely letters, well written, Salesmen, calling on your accounts, radio and newspaper advertising, all have their place, but for the actual cost compared to the results, show me one instance where you can outdo a first class letter.

For instance, the following letter is a sample of Good Will building that has brought numerous replies of appreciation and assurance of future business:

"This is the time of year when our thoughts turn to our many good friends, when the spirit of good will overtakes us and we enjoy exchange-

ing greetings with our fellow men in a friendly and thoughtful reflection upon the past and what the future holds in store for us.

"It is indeed very gratifying to us, that during these trying times we have been able to take care of our customers requirements, as we have endeavored to distribute our products fairly to all based on past purchases.

"We do not know what the future may bring, that being entirely dependent upon the war situation and the restrictions imposed upon us by government ruling.

"However you can rest assured that we will continue to serve you to the best of our ability, and it is our sincere wish that your organization enjoys a happy holiday season and has a most prosperous and successful year to come."

As stated, this letter brought a tremendous response, yet it costs very little to send this out to hundreds of customers, and the good will derived from it, cannot be measured in dollars and cents.

Every merchant likes to feel that he is more than just an account on your books, you can't call on each merchant personally, but the U. S. Mail can be your ambassador of good will, it is with a sense of satisfaction to a merchant when he receives a letter from your company, giving him a little praise or pat on the back, so few firms follow this practice, that when the merchant does get an extra friendly letter, he immediately sits up and takes notice, and says to himself, now there is a company worth while.

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The Credit Man's Working Tools

Post War Era Will Require Best Implements



There appears to be more thought and consideration given today to the type and quality of tools put to use, particularly if the finished product in any way enters into our war effort. For that reason high priorities are granted and severe and exacting specifications set forth, and rightly so.

How many of you saw Mr. E. W. Fair's article which appeared in the April 26, 1943, issue of the *American Paint Journal* under the caption "Baby Your Small Tools"? The author stressed the growing importance of exercising proper care today of small tools, both hand and power, due to difficulty in replacement, even recommending regular, thorough inspection every 200 to 500 hours, depending on the type.

He pointed out the importance of daily using the tools designed for the purpose for which they were intended and not substituting makeshifts which either do an inferior and incomplete job, or tend to damage the tool or operator.

I could not help but note how well that advice applied to the use of credit tools.

Let's make an analysis for a moment or two: friend Noah Webster, who still appears to have a corner on the dictionary market, tells that a "tool" is a mechanized instrument, machine, or person to be used intelligently to produce desired results. What are the desired results of credit? "To make possible the maximum flow of merchandise or commodities through the avenue of sale and to secure equivalent payment therefor on mutually satisfactory terms."

An accepted maxim of our profession is "The foundation of all credit is confidence." Now what mechanical aids or tools are used in your procedure in laying this foundation? Contrary to your thought, I shall

By HARRY E. RHELL,
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Philadelphia

make little or no distinction as to whether it covers a new or old customer, for with but few exceptions the same principles apply to both. I find the following tools most helpful:

1. Salesmen's credit report giving name, address, business, bank, references, and salesman's frank reactions as to the individual and his place of business.

2. Mercantile Agency Report for antecedent's financial set-up and paying record.

3. Bank Report for estimation of customer's financial ability, banking transactions and reputation in the trade.

4. Ledger experiences and payment record.

(a) But how many of us are satisfied with contacting merely those concerns to whom customer refers us; if we do we can blame no one but ourselves. (Which one of us would not prefer to put his best foot forward?)

(b) Or are we content with checking experiences in our own local market?

(c) In each instance we may be rather rudely awakened to learn there are several other material suppliers, maybe many of them located at a distance from both the customer and us, with sizable accounts long overdue which would materially alter our decisions in granting credit.

(d) It must, therefore, become apparent to us all that to do justice to both the customer and to our companies we should have the advantage of all the information available, the bad as well as the good, and that we must secure in other quarters. As for me, I want, if possible, a clearance of ledger experiences, national in scope, and I look to the National Association

of Credit Men through their Interchange Bureau to do that job for me.

5. Where available and if it may be secured without too much friction, financial statements including both Balance Sheet and Profit and Loss Statements are of real value for periodic comparison, as through that medium progress may be verified.

However, thus far I have omitted to name what I consider two of the most useful as well as important tools in the credit man's kit.

(a) Personal call or calls made by the credit manager.

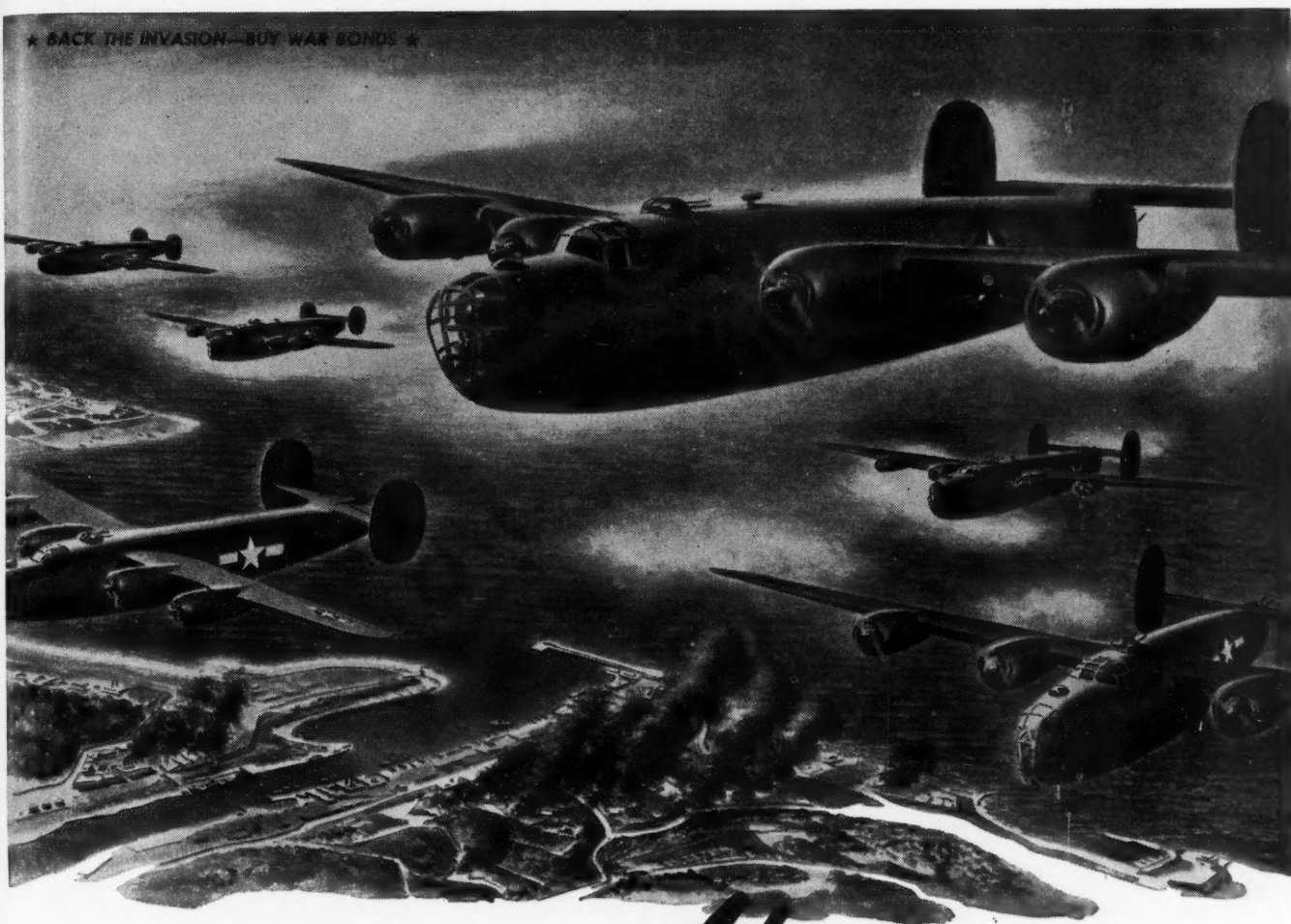
(b) Your own ledger experience.

Discussing them in proper order, too much stress cannot be placed upon the importance wherever possible of personal contact. Difficulties seldom arise where the customer and credit men are known to each other. One can easily note from one visit to the next the customer's capacity for doing business, whether or not he is making any progress, and what changes, if any, are occurring in the merchandise on his shelves (if he be jobber or retailer), or as to his manufacturing methods (if he be a paint grinder). A few well-directed questions together with proper use of observation will promptly confirm or alter previous estimates of value placed.

Little need be added as to the value of one's own ledger experience, particularly if they be over a period of years. Habits as to methods of conducting business and meeting obligations generally carry through, regardless of good times or bad.

However, due to present war conditions and existing quotas, many of our companies today find themselves in the embarrassing position of having to refuse or materially curtail shipments to long established customers, particularly those catering solely to civilian use, or occasioned by

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Credit and Financial Management 21 December, 1943

diversion to war work. In such instances, the reaction received by many is "No further need for a credit man under these conditions." After careful consideration, however, one will see, I believe, there is a very definite role to be played by the credit man, unless the company he represents plans retiring from business after cessation of hostilities. What is the role? Making use of a couple more credit tools.

The civilian catering customer is finding it increasingly difficult to carry on and offers a real challenge to maintaining his sales and creating Good Will through the media of correspondence, telephone and personal visits. First, he wants the credit man to listen attentively to him as he confidently unfolds his position. Secondly, he asks for a frank discussion of those problems; third, he expects constructive suggestions whether they include

- (a) reduction of items of overhead, or
- (b) assistance in securing bank accommodation, or
- (c) that he take on an additional line of merchandise for the duration.

Above all, the challenge offered is that you and I let the customer see that we are vitally interested in him. If good, intelligent use of this tool is made, and your customer survives, there will be no fear as to his loyalty to you and your company after victory has been secured.

This vastly increased and stepped-up war program requires very careful, judicious use of additional credit aids, so far not considered. The common impression gained by business in general as the war program got under way, and largely fostered by our Government to convert businesses into war work, was that there was absolutely no credit risk for materials furnished entering into implements of war, regardless of one's position as Prime, Sub or Sub-sub-contractors.

Several months ago somewhat of a jolt was received when we were advised of the newly launched problem of "Renegotiation of Contracts." Since then, some of us have already felt the impact of "cancellations of war contracts." In the same breath, I make mention of the Government limitation of responsibility as to payment for materials and services rendered on war contracts to the Prime, and Sub-contractor, but no further.

It must be apparent to us all that extreme care be taken in the extension of abnormal credit for this type of work and every effort be made to clearly understand the need of each and every contract, and your position and mine regarding payment for material ordered.

(a) Whether or not protection of the Miller Act is yours, or

(b) If posting of "Performance Bond" is all that is required. (This information is carefully checked and provided daily for hundreds of our Association members by the Washington Service Bureau. I am happy to state the Credit Men's Association of Eastern Pennsylvania has made this service available to each of its members for the past year and again for the coming year through renewal of this Washington Service contract.)

Due to the rapidly mounting pressure of taxation with no relief in sight, a demand has been made upon our Governmental representatives to change our methods of tax payments, that they be chargeable to current income instead of the following year.

With sudden stoppage of war machinery, credit losses will be sustained by us all, the amount depending largely upon the precaution and credit tools we have used in the past and continue to use in the future. As a hedge against future conditions inasmuch as no extra references are permitted for abnormal future credit losses, many of us are using "Credit Insurance" which is chargeable against current income.

To return to my original statement:

This is all predicated upon "the intelligent use of credit tools to produce desired results." That does not mean your use or my use, but rather the collective co-operative use of proper tools by us all. If we could get merely the members of the credit fraternity affiliated with the Paint, Varnish, Lacquer and Wallpaper industries first to gain a vision of the opportunity which is ours and then individually and collectively win our acceptance to resolve to measure up to the responsibilities which is ours, our industries would make stride never previously attained. Fellow credit men, how do you react to this?

To our members and all others who so magnificently cooperated in solving our problems and helping our organization in its many achievements, we wish a

Merry Christmas

and

A Happy New Year

CREDIT MEN'S FRATERNITY, INC.

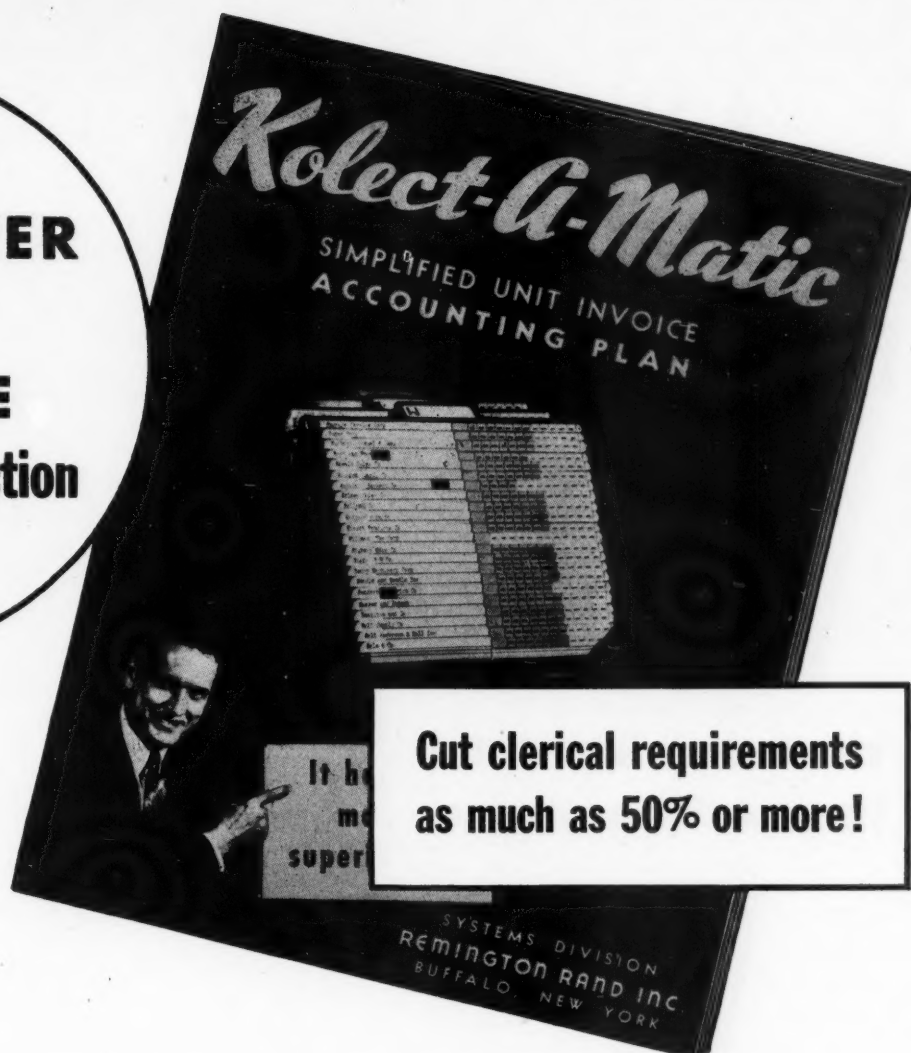
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CFM 12

A Salesmanager's View of Sound Credits

Relates Some of the Headaches Relieved During War Era



Credit Managers and Sales Managers have joint cause for much thought on post-war conditions as our interests tie in very closely together. The Credit Managers during the present war conditions have had some wonderful accounts with beautiful reports showing all of them discounting or paying right on the due date. However, I know that they have, at the same time, many difficult problems with which to contend, similar to those that have kept the Sales Managers from getting their required sleep and putting gray hairs into their heads. It would be most remiss of me not to pay a well earned tribute to Credit Department heads who have worked closely and intelligently with us during this very trying time.

We have had customers who grew like mushrooms over night and who had secured fat and lucrative contracts so that the Sales Department was drooling at the mouth and licking their chops over the wonderful business to come from this erstwhile lean account. But then there was the question of over-expansion, spending too much of the contract earnings on buildings, equipment, laboratories, new machinery, etc., and not putting enough of the cash into their capital structure and we would go home at nights thinking, "What if the war should end and their contracts be cancelled?" Our Credit Managers have worked closely and in fullest cooperation with our Sales Departments and have enabled us to get business and to build up accounts and have worried and sweated with us to keep business that we would have otherwise lost.

All Sales Allotted

WE have a rule in our Sales Departments that we never try to overrule a credit decision and I have yet to ship a pound of metal to an account that the Credit Department felt was poor risk.

At the present time we are work-

By SAUNDERS JONES

General Sales Manager, Mid-Western Department, American Smelting and Refining Co., Whiting, Ind.

ing day and night on almost exclusively defense business either on contracts directly with governmental agencies or on sub-contracts on defense work. You have, undoubtedly, some conception of the problems that confront our industry. Every pound of brass, for instance, is sold on allocation and you can easily conceive of the hundreds of problems involved in this procedure mostly with customers with perfectly good intent but who have never experienced such business before and are unable to fathom or to grasp the requirements. For this situation, we have provided departments to handle the regulations and to work closely both with the various WPB and OPA agencies and with the customers at the same time in order to be of all possible assistance to them.

We frequently wonder if we are not actually becoming a little bit hazy mentally when we dash from dawn to dusk switching ingots, transferring orders, answering long-distance calls, telegrams and inquiries from frantic customers. Then the members of the governmental agencies start after us including the representatives of the Army, Navy, etc. When the day is done one feels more as if he had plowed a forty-acre cotton patch than having done office work. We are happy, however, in this work as it is extremely fascinating and I take comfort from a remark my father once made to me when I had intimated that I thought I was going crazy. Father told me to always remember "When you think you're going crazy, don't worry—as the crazy people don't know it."

When we realize that every pound of material we produce is going into war implements such as ships, guns, tanks, airplanes, engines, cannon, submarines, containers for food, etc., it is

an inspiration to do our best and to realize that our job is really very small compared to the jobs the boys on the front are carrying out for us and for our families and our country.

One of the most interesting studies now is substitutes.

Substitutes Cause Troubles

THIS matter is receiving very wide publicity and is being studied from every angle by some of the best business and technical brains in the country. Their uses are wide and varied and it is a matter becoming more important and requiring very close scrutiny.

Most every executive and sales manager is literally swamped with present day requirements of production, selling, regulations, restrictions, etc., but in the back of the mind of each one lurks the constant thought—"What of the post-war situation?" In our industry there are technicians, metallurgists and business analysts studying the situation and trying to forecast as intelligently as possible what we may expect. No one knows and I would not attempt to exercise any clairvoyant prowess. In our many discussions, for instance, we find many differing viewpoints and in some cases complete disagreement. We like this, as it leaves the field for study and discussion wide open for further development.

We have tried to list the sales of our varying products in their importance as to use and have talked with our leading customers as to their thoughts of what will eventually happen in the post-war period. Just now, by the way, winning the War is the prime motive behind every thought. We have instructed our sales force to make inquiries of their customers as to their ideas and to note all the changes taking place in their lists of accounts. It isn't simple. It is complicated but it is one yardstick on which we depend largely. No post-war plan or idea will spring full-grown from the brow of any man. It

requires long and arduous study and work and the combined ideas of all types of users.

Not a New Experience

WE in the Non-Ferrous Industry have already felt the results of substitutes. For instance, when the war first started and contracts were being let, it was found that many of the Army and Navy specifications were the same as those developed during and shortly following World War I. As the war programs developed it was found that many shortages of copper, aluminum, tin, etc., became threateningly more serious and changes in specifications began to creep in and are now in effect in many instances. Just as an example, it was found that to save tin, silicon

bronze was an excellent material for many Navy contracts. Then the question of saving copper became of prime importance and it was further studied with the result that silicon bronze has been substituted in many instances with satisfactory ingot, using less copper and less tin. The Navy, for instance, continued their studies and have issued a "downgrade" chart recommending the uses of certain brasses and bronzes with less copper, less tin and less other requirements. Many of these have worked satisfactorily and with the assistance of trained technicians and foundrymen, the contractor soon overcame his troubles, and found the substitute materials very satisfactory.

In addition to this, there have been many users of materials originally

made from exclusively virgin metals. By working closely with them in co-operation with the WPB and the Army and Navy, etc., they have found that the use of secondary ingot has been equally satisfactory as to results, and the saving in the use of virgin materials has been tremendous.

Saving on Materials

YOU may be interested in what our Industry has further done in reference to saving critical materials. You may be interested in knowing that at the request of the Government, our Metallurgical Department has devoted a great deal of time to the development of solders and babbitts containing less tin, with the result that there have been produced several solders and babbitts, all com-

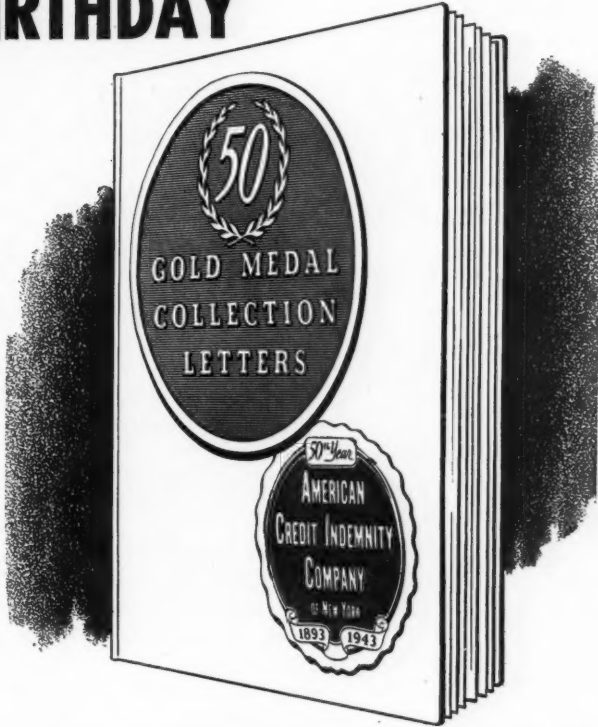
A PRESENT FOR OUR BUSINESS FRIENDS
ON AMERICAN'S 50TH BIRTHDAY

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ing within the restrictions on tin, and they have worked most satisfactorily. As a matter of fact, these new babbitts, for instance, are being used in the manufacture of bearings for Diesel engines, etc., and are performing beautifully and as satisfactorily as former babbitts used that contained very high percentages of tin. The result of this is that not only has there been a tremendous saving of critical materials, but the new metals are more readily available.

The top executives are too busy to study each detail and the alert salesman can do wonders by constantly studying, watching and reporting the

trends in his various lines of accounts.

We owe it to the post-war world to leave nothing undone to provide for them a world in which to live that will bring them as much as possible of happiness, comfort and prosperity. It may be that some of us will find that many of our standard and reliable products will go the way of all flesh. We cannot afford to take this lying down. We must either work to prove that we are right or arrange to provide whatever it is the customer wants. It is my personal opinion for instance, that it is certainly not beyond the realms of reason that we of the non-ferrous industry should find

ourselves marketing products that heretofore have been completely foreign to the metals industry.

Not Too Fast, Please

WHO and what will influence the conditions? There have been reams of publicity on the post-war joys of living and countless articles and illustrations of the easy, delightful and painless life we are going to live within a few short years. I was very much amused to note a cartoon last week in which two men on a truck came roaring up a driveway and mounted on their tremendous truck were two houses, one of the Colonial style of architecture and one of the modern. The driver leaned out of his cab and yelled at the lady standing on the vacant lot and said, "Make it snappy, lady, pick out which house you want, as it is Saturday night and we ain't got but two hours left to set it up, install the plumbing and get this other house over to the neighboring lot." It won't be quite that easy.

As the economic trends in this war have closely approximated those of the last war except for tremendous increase in amounts spent, so I think the post-war period after the conclusion of this war will not be too varied from the last. It is not within my province to discuss prices, inflation, etc., but it is my humble opinion that following this war there will be a period of depressed activity which will be followed by excellent business. There will be world-wide rehabilitation requiring building of all sorts. There will be enormous replacement programs of household goods, automobiles, refrigerators, stoves, furnaces and countless other articles used in our daily life. They cannot be developed to become available overnight. Rehabilitation will not await the final development so that I feel that most of the basic industries will continue to furnish materials for a long time similar to present materials.

Places for Plastics

PLASTICS are to the forefront. It is a subject on most everyone's tongue. I have read that plastics would more seriously interfere with the metals industry than any other. Probably so. Doubtless there are many plastic developments now that are of unusually sound background
(Continued on Page 28)



HOW KEYSORT PAYS ON PAYROLLS

Here are a few of the actual benefits which accrued to a large plant which applied McBee Keysort to payroll and payroll distribution records:

- Distribution was completed one to three working days after close of month instead of three to six.
- Monthly cost of machines and forms was cut from \$468 per month to \$225, even though personnel was increased from 900 to 1500.
- Peak periods in accounting departments were eliminated.
- Management received financial reports five days sooner.
- Regular clerical force was used.

This is typical of scores of case histories in our files on which additional details are available.



THE MCBEE COMPANY
295 Madison Avenue, New York
Offices in Principal Cities

Post War Business Today Through Good Will Planning

(Continued from Page 20)

Another letter that really hits the spot, and brings many fine letters of approval in return is this one:

"It is a strange thing that when a firm becomes past due, we, as do all other companies, spend considerable time, effort and expense to collect the account yet when a company pays its bills promptly, very little is said about it, and after all the backbone of any business are the customers who pay promptly.

"In checking your ledger card we find you are one of our most reliable and dependable accounts and we think it only fitting that we should take this opportunity to thank you for your fine co-operation and the splendid business you are giving us.

"We sincerely hope that our merchandise and service will continue to merit your support and if we can be of service in any way, consistent

with good business, do not hesitate to call on us.

Cordially yours."

This is just an illustration of good will building, with the least expense; of course there are many more different types of letters that can be sent from time to time, to keep your name before your customer. We know of several of the larger companies that have a corps of people that do nothing but write letters, and they deem it the most important part of their good will building.

You too can take advantage of this golden opportunity. Just don't sit idly by and wait until the war is over. NOW is the time; every letter written now is worth a dozen after the war. When this war is over the merchant will have his pick of the markets; he will be a much-wanted friend, and he will remember the company that helped him out during the war period, and especially those that took time out to drop him a friendly note of encouragement, even

if we have no goods to sell him at this time.

It doesn't matter what you manufacture, or how much of it, if you haven't the outlets for your merchandise, you can't successfully continue, and with this new day we are looking forward to, we have hopes for a decent profit and something to show for our efforts, and the best way to insure for that great day is to build the good will of your customers up to its highest point, and the company that uses the letter method is taking a big step in the right direction.

Talks About "Government Thinking"

Milwaukee: K. W. Haagensen, manager of the research department, Milwaukee Association of Commerce, was the speaker at the November 18th luncheon meeting of the Milwaukee Association held at the City Club. Mr. Haagensen, who was formerly special consultant to the United States Government, centered his address around the general plan of "Government Thinking at This Time."

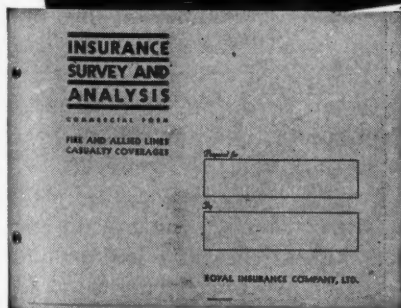


"A CREDIT REPORT" on Your Insurance Set-up

COST-FREE and obligation-free you may obtain from any agent of the Royal-Liverpool Groups an Insurance Survey and Analysis which will—

- (1) show the insurable hazards peculiar to your business, the extent to which they are now covered, and a breakdown of your insurance costs;
- (2) point out any weakness in your insurance protection;
- (3) submit recommendations which may reduce the cost of your insurance program or provide for it more efficiently.

Why not let a local representative of the Royal-Liverpool Groups demonstrate his ability to serve you by means of such a Survey and Analysis?



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A Salesmanager's View Of Sound Credits

(Continued from Page 26)

and which have proved satisfactory and have released thousands of tons of more scarce materials for war purposes. Such plastics have a place and will be further developed. Many of our accounts are using plastics and many have given the subject exhaustive study. We find some of them work—some don't. Will the housewife of tomorrow be content with present day plumbing, for instance? Will she become enthused with the idea of having a pink bathroom, blue bathroom, green bathroom or even a heliotrope bathroom? Will she want colored faucets and bathroom fixtures to match? Doubtless, many of them will. It is the trend of the times. We have not yet developed a blue, pink or heliotrope brass for such fixtures. But what about the heavy faucets and valve connections, etc., for plant use, heavy duty plumbing, shipbuilding requirements, etc.? I know of a man who has just purchased a complete plastic garden hose from soup to nuts and it works beautifully. It is supposed to have been subjected to heavy pressure tests, high temperatures, low temperatures, etc. Will it stand up? Time will tell. One of my friends sells a widely known medicinal product requiring a dropper in the stopper. Due to scarcity of rubber he has found a plastic substitute which as far as can be now determined will do everything the rubber did and more.

We are studying plastics. We have found that the basic materials they require are about as scarce and critical as anything in our metals business. Thus far their development has not been sufficient to have seriously affected our metals business. It requires specialization and with wartime restrictions it is difficult to gauge the merits of plastics versus metals in many cases. Can they take the punishment? Will they be cheap enough?

Aluminum May be a Worry

I WORRY about low price aluminum. With the tremendous expansion of the aluminum industry for war purposes I visualize a production that will be almost limitless. What will 10c or even 5c aluminum prices

do to the other metals? It can be used in many alloys in lieu of copper and it is light in weight and high in tensile strength, etc. It has disadvantages, however, and it remains to be seen what will be the final effect.

I worry about plywood, but my studies thus far have not indicated that they will cut deeply into our metals business.

When this war is over there will be an abundance of materials now in the scarcity column. Scrap used in our industry should be available in enormous tonnages. We have sold tremendous tonnages for use in shipbuilding and there is every likelihood in my humble opinion, that world-wide trade will be one of the resultant benefits of this war. Our merchant marine will be plying the seas as never before in peacetime. Nations who have never known the benefits of mechanized industry will profit. I am not qualified to argue about the competitive situation that might be set up by such world-wide trade, but I do believe that the standards of living for all are benefitted by making it possible for even the peons and peasants to produce something more by a hard day's labor than merely his daily bread.

Today statistics in many fields are not available to the public. Such information is a matter of national defense and properly must be kept confidential. Nevertheless, there have been many straws in the wind which point to inevitable adjustments in the post-war non-ferrous metal picture.

Post-War Classification

BRIEFLY we can divide the principal metals by groups to show where the post-war pressure is likely to fall, as follows:

1. Great expansion of wartime supply together with probably large reductions in price compared with pre-war metals:
 - a. Magnesium
 - b. Aluminum
2. Insufficient wartime expansion in supply at constant prices:
 - a. Copper
 - b. Zinc.
3. Sharp contraction in supply at higher prices:
 - a. Tin
4. Sufficient wartime expansion in supply at constant prices:
 - a. Lead

Discussion of this subject must

not overlook the possibility of Government stockpiling after the war, so that in the event of later emergency needs we will not be caught with depleted stocks. However, such Government action is problematical and it is best to stick to fundamentals of supply and demand, which must prevail ultimately.

1. Output of Magnesium and Aluminum have leaped ahead phenomenally under the stimulus of wartime needs. Post-war reconstruction should bring in many new uses of these two metals but in terms of tonnage, they should compete with only a fraction of the demand for other non-ferrous metals, if general business continues fair—which we all expect.

2. Copper and its alloy have been pushed out of many uses by wartime regulations and such uses will undoubtedly come back as soon as conditions permit. As far as versatility is concerned, Copper still has plenty on the ball that Aluminum and Magnesium do not have.

Zinc Also a Problem

ZINC is a problem at present because of threatened mine depletions. However, such fears are based on huge wartime needs and estimates. After we have won the war, supplies should be adequate when augmented with foreign supplies that will undoubtedly be looking for a home.

3. Tin being entirely under foreign control, is vulnerable to substitution and offers a golden opportunity for development of domestic metals to be used in its place. It is possible that Aluminum and Magnesium metallurgy will some day make us independent of Tin monopolies, but that day is still far off. The post-war price of Tin will undoubtedly depend upon the degree of production control successfully applied.

4. Lead is the old standby that will never go out of style. Its price is always attractive enough to encourage liberal use and low enough to keep higher priced substitutes at a distance.

Plenty of Business for All

SO, in conclusion, I think there will be business aplenty for our industry. We will doubtless be under governmental restrictions for some time to come, as I believe history has

taught that it takes some time to digest Peace and there will be other reasons for governmental restrictions. I also believe that we will be able to continue sales in big volume—in fact, an increased volume even to many of those companies now using plastics. We should not, however, be asleep to plastic possibilities.

I believe that shipbuilding will continue unabated for quite some time. Even if the essential warships are curtailed in production, the merchant marine and private ship lines will need the boats. Shipbuilding uses much of non-ferrous material. There will doubtless be tremendous housing projects, rebuilding, new building and all these will require plumbing, heating, lighting, etc.

Automobiles will be sold in such quantities that doubtless there will be a huge backlog of orders for years to come. The industry requires much of our material, but they, too, will make use of many substitutes.

You Credit Men have a difficult problem and we of Sales will work closely with you to avoid the losses that may be faced.

Credit Panorama

(Continued from Page 15)

ization can be his friends and his first line of defense against bad accounts. He will learn the wishes of the management of his company and will acquire the ability to follow their policies. He will learn when it is worthwhile to take a chance and how far he is justified to go in cases involving his judgment as a credit man. He will learn to do his worrying, before he approves an order instead of afterwards. When these things have been mastered, he may feel that he has approached a position which is superior to a mere trade or handicraft. He may consider himself a professional.

We have no state examinations for the purpose of giving an official stamp of approval to our professional credit men, as we have with doctors, lawyers, and certified public accountants. It will not be difficult however, for a credit man to know in his own mind when he has reached that goal:

The Credit Man Looks Ahead

(Continued from Page 13)

communities where his house transacts a substantial volume of business so that no opportunity may be lost in protecting the interests of his company in the business already on the books, and in guarding against detrimental changes and taking advantage of favorable opportunities to build up a volume of business on a sound foundation under the new economy.

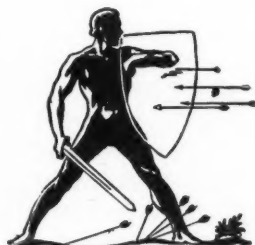
Never will such opportunities be closer to your grasp than within the six or nine months period immediately ahead. That space of time, within the writer's humble opinion, will witness the collapse of Germany and the definite retrogression, even if not the actual defeat, of Japan. That will be the period of the mad scramble for new or increased business, and the early bird who studies conditions and visualizes the opportunities will catch the worm.

INVESTIGATION ALONE IS NOT ENOUGH...

Investigation, though complete and apparently satisfactory, affords no conclusive and final measure of protection.

Corporate Sureties annually incur millions of dollars in losses caused by embezzlement by trusted employees—notwithstanding exhaustive investigation by underwriters.

Modern business management demands proper protection. National Surety Honesty Insurance and Service are preferred by many. They are available everywhere through reliable and experienced Agents and Brokers.



INVISIBLE ARMOR

NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

4 Albany Street, New York

Suggests Better Insurance Information for Credit Files

By G. W. PATTERSON
Credit Manager, American Cyanamid
& Chemical Co.

C Some time ago, I was asked by the President of our Credit Association to serve as Chairman of the Insurance Committee of our local association. The membership of that committee was made up of insurance men, industrial credit men and insurance specialists in industry. The work of this committee was so revealing, it appeared desirable we try to pass on such of our findings to the credit fraternity, as would be beneficial in their daily work of checking credits.

I have been so very much impressed with the thorough training and teamwork of the insurance companies that I am constantly reminded it would be well for a lot of other groups to try and function along the

same pattern. The insurance men are continually striving to find ways and means of helping protect their customers against all kinds of losses. By so doing, they not only fulfill their obligation to the insuring public, but by reducing losses they, in turn, make the premiums charged for such insurance remain within reason for their customers.

The credit man in industry, I have discovered, seldom thinks in terms of the various hazards that every business is faced with. These hazards are, in fact, so numerous that it would take up too much space to try and set them down, with an explanation of each. They literally run into the hundreds, and vary in importance with each business according to its particular mode of operation.

At inception the big question in my mind was how to educate the credit man as well as our customers to become "insurance-minded." To know what kind of hazards and risks they are faced with and to be sure that they have the proper insurance to protect against these hazards. Then, where and how is the credit man going to get proper information regarding his customer's insurance coverage to justify the credit extended to him.

In discussing these problems with one of my good insurance friends, Mr. W. S. Ellis of Chicago, Assistant Manager of the Royal Insurance Company, he has given me some excellent ideas from which I believe we can all profit.

The great stumbling block seems to be that the vast majority of the credits checked by individual creditors are so small in proportion to the total worth of the customer that the credit man, singly, hesitates to demand the exhaustive information that is essential if the creditor is to properly appraise the extent of protection maintained and required by the customer to qualify for credit. In my opinion, and I believe that this opinion is concurred in by many others, this

means that there is vast need of a program (to be carried on jointly by the insurance underwriters and credit men) to acquaint the credit men with the various hazards, their relative importance, and to establish a medium whereby "insurance information" may be readily secured. It appears impossible to prepare a "questionnaire" that will establish, on a satisfactory basis, all of the information needed, both as to the insurance protection maintained and as to the exposure to loss existent, that does not, in turn, impose an undue burden upon the customer if the questionnaire is completed properly and fully.

It appears equally impossible for individual credit men, because of their lack of intimate knowledge of the customer's operations, exposure to loss, etc., to determine from the answers to any series of questions what additional perils should be protected if impairment of credit is to be avoided.

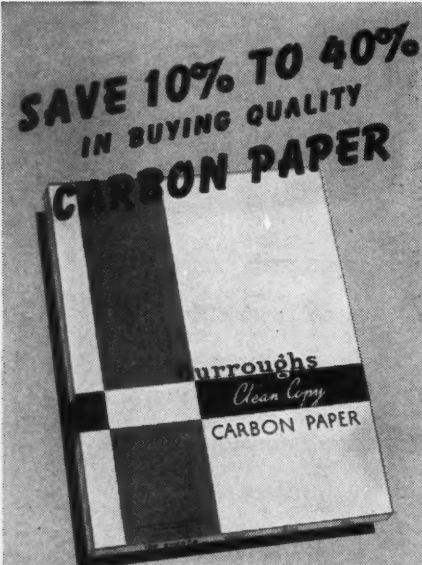
Even if we should find an answer to both of these questions there still would exist a general fear of creating ill-will by demanding additional insurance irrespective of how obvious the need may be. Particularly is this true when the extent of credit by the individual creditor is not substantial in proportion to the worth of the customer.

In seeking answers to these problems which must be overcome, two thoughts developed:

1. It should not be the function of each individual creditor to determine whether or not satisfactory insurance is carried because of the difficulty and expense involved to both the creditor and to the customer.

2. A simpler medium should be developed for securing the necessary information regarding exposure and protection, than by use of an exhaustive questionnaire.

With regard to the first problem, it is my conclusion that each committee



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could probably work out some form of divisional insurance board, who, in turn, would act in the interests of all creditors, thus making possible one investigation and one analysis of each customer for all creditors.

The most logical answer to the second problem appears to be by asking for copies of the latest Insurance Survey and Analysis that has been prepared for the customer by his insurance broker, agent or company. Most companies and agents are now preparing surveys for their accounts, with the result, I dare say, that practically all important risks have one or more in their files. These surveys establish, first, a complete list of all insurance now carried; second, the recommended improvements in existing coverages; and, third, all additional perils that should be protected, with a brief explanation of each coverage and why it is needed. These analyses are usually the result of exhaustive study by an insurance man more familiar with the customer's business than most credit managers could hope to be and, above all else, this information can be forwarded without difficulty by the customer to the "Board" making the examination. It goes without saying that all members of these Boards should be sworn to faithful respect of the trust imposed in them and should under no conditions take advantage of the information to directly or indirectly solicit the coverages recommended, thus leaving to the customer the privilege of procuring the insurance that is recommended through the usual channels employed by him.

It may develop, in some cases, that up-to-date or satisfactory surveys will not exist. In such cases, the customer should be asked by the Board to have one prepared by his broker, agent or company. This is a service that can be had without cost, although on occasion may be difficult during the present man-power shortage.

It also appears reasonable that some medium for making a joint or blanket demand for the additional protection that is needed could be worked out by the Board itself that will relieve individual creditors of that embarrassing responsibility.

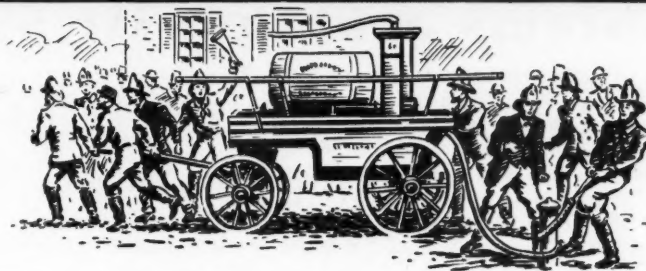
From this point it should be a simple matter for these Boards to work out certain uniform classification letters or numbers that indicate whether or not the customer is safely covered

with insurance and whether or not his credit is unduly jeopardized from unprotected insurable hazards. It is reasonable to assume no customer will have insurance against every loss possibility, however, it will become evident after a study of a complete insurance survey, whether the customer is reasonably, exceptionally well, or poorly protected against at least all perils containing catastrophic loss possibilities. Coverage against these perils are **MUSTS** in prudent business management and likewise are **MUSTS** in prudent extension of credit.

ness management and likewise are **MUSTS** in prudent extension of credit.

A program of this type should be undertaken only by the various Credit Men's Associations. It will be of inestimable value to us in checking credit, and is a service that should be appreciated by our customers who often are quite unaware of their exposure to certain types of losses that could easily and quickly destroy their business.

THEY ROSE TO THE EMERGENCY IN 1863



Eighty years ago with the Nation at war, volunteer firemen were performing valiant service on the Home Front. It was in this year, 1863, that Fireman's Fund was founded, taking its name from the historic California fire brigades of that era.

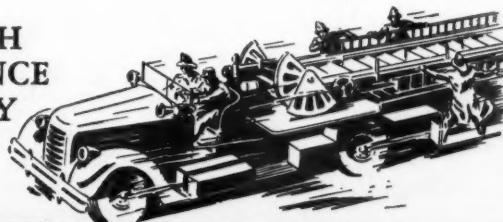
and on the...

HOME FRONT today

On the occasion of Fireman's Fund Insurance Company's 80th Anniversary, the nation is again at war, this time to keep America free by helping to free the world. And again the Firemen, now specialized in their service, are maintaining, along with sound insurance, the right to feel secure.

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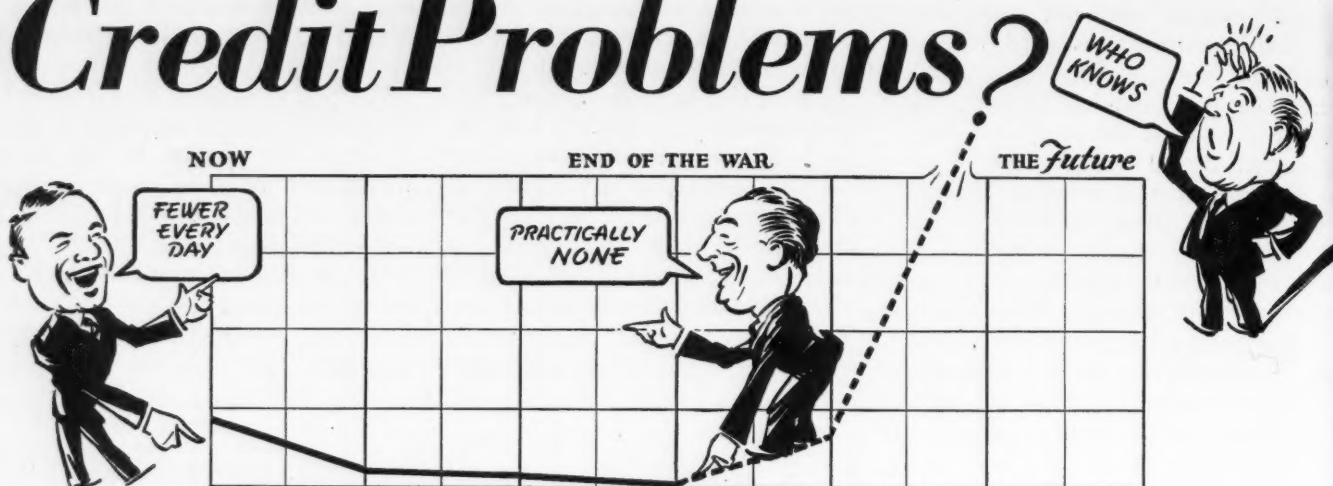
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No one knows the number and variety of problems which will arise after Victory:

But we *do* know there will be plenty of them.

We *do* know that the time to prepare to meet them is **NOW**.

We *do* know — because member-users tell us so — that the *greatest* single aid to Credit Men in preparing to meet those problems is the

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Credit Interchange functions for one purpose only — to facilitate the exchange of ledger experience between members on a more comprehensive and more economical basis than can be accomplished individually or through any private organization. Thousands of members cooperate to this end.

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NEWS ABOUT CREDIT MATTERS

A section devoted to
Credit Association affairs

December, 1943

Copy deadline
10th of Month

Natl. Administration Committee Discusses Association Affairs

A meeting of the administrative committee of the National Board of Directors was held in the national office on Saturday, November 13th. The members of this committee are President Paul W. Miller, Atlanta; Vice Presidents R. L. Simpson, New Orleans; R. L. Griffiths, Utica; E. L. Blaine, Jr., Seattle; and National Directors H. J. Offer of Detroit and Camilo Rodriguez of Providence. All were in attendance except Vice President Blaine, who was unable to be present, but forwarded his ideas on National affairs to the committee.

The committee considered virtually every phase of National Association activities, reviewing the work of the various departments and planning programs for future progress. The financial statement of the Association was carefully considered. The progress of the present membership campaign was noted and plans were made for additional activity in furtherance of the special effort now being made to secure new members.

Mr. Rodriguez, who is chairman of the National Adjustment Bureau Committee, reported on the status of the newly adopted plan for approval of Adjustment Bureaus and Collection Departments in the local organizations. Each local organization has received a statement of the requirements for approval. As soon as the local organizations have satisfied these requirements for approval under the new setup, a revised list of approved Bureaus will be published in the National magazine. Along with this there will be published a complete statement of the bases for approval as prescribed by the National Board of Directors.

Plans for the National War Credit Congress to be held in Omaha, Nebraska, in May were discussed. The registration fees for the Omaha Convention were set at \$10.00 per member and \$7.50 for each lady guest in attendance. As one phase of the Convention program the committee favored the idea of having a series of demonstrations or forums on various parts of our Association work. For example, one group will provide a demonstration of the handling of a typical adjustment case, another group conduct a demonstration or forum on Interchange and so on with other lines

(Continued on Page 34)

National Board Sponsors Drive for Membership Promotion This Month

Omaha Prepares for Forty-Ninth Credit Congress

The first step has been taken by the Omaha Association of Credit Men preparatory to acting as hosts for the War Credit Congress which is to be held in Omaha, Tuesday, Wednesday and Thursday, May 16-17 and 18, 1944. At a meeting of the Board of Directors of the Omaha Association of Credit Men, presided over by President Ben W. Stauffacher, an Executive Committee for the Credit Congress was selected and the following persons named, all of whom with two exceptions, are past presidents:

Chairman—Emerson Jones, Continental Oil Co., Lincoln, Neb., National Director.
D. H. Baldwin, Cook Paint and Varnish Co.

H. R. Burke, Eggerss-O'Flying Co.
O. H. Elliott, First National Bank.
George Gill, World Publishing Co.
W. H. Johnson, Wilson & Co.
Frank McCall, Fairmont Creamery Co.
H. E. Storm, Fairmont Creamery Co.
B. W. Stauffacher, Westinghouse Electric Supply Co.

A. C. Walstrom, Bennis Bro. Bag Co.
H. C. Zimmerman, Baker Manufacturing Co.

In addition to these Gus P. Horn, Henry H. Heimann and Frederick H. Schrop are Ex Officio Members.

A joint meeting of the Executive Committee and the Board of Directors of the Omaha Association was held Wednesday evening, November 17th at the Hotel Paxton. Frederick H. Schrop of the National Association, and Credit Congress Director, was present.

General organization was undertaken and chairmen of committees were nominated, as were persons required for outstanding positions in the organization setup.

Enthusiasm ran very high and plans are being made which are intended to make this 49th Annual Credit Congress an outstanding event and one which will rank high in comparison with fine conferences in the past.

Hospitality and friendship have been

(Continued on Page 37)

Liberal Support Given To National Board's Membership Appeal

In a "declaration of policy and objectives" by the Board of Directors of the National Association of Credit Men, meeting in Detroit, Michigan, last September 23-26, it was agreed that attention should be focused on principles which are emerging as of paramount importance to the growth and increased influence of the Credit Men's Association, both locally and nationally, that it may be in a strong physical and financial position to carry on its present national war emergency program and be prepared in post war opportunities.

One of the features of such a program was an appeal for increased membership of not less than 10% in every local Association throughout the country, during the present fiscal year ending April 30, and to include a special drive through the months of November and December, with the expectation that one-half of that goal can be obtained by December 31.

That the officials of the local Association are accepting the challenge of this membership drive being sponsored by the National Board is evident by the returns received and spirit of cooperative competition that has developed in the program. Among the Associations who have already or within a fraction of one per cent of attaining their 10% membership increase as we go to press are Albuquerque, Atlanta, Binghamton, Chicago, Detroit, Grand Rapids, Indianapolis, Kansas City, Phoenix, San Antonio, San Diego and Terre Haute. Several of the Associations are unquestionably close to the 5% increase for this period, but as we go to press these figures are not available.

The Board of directors of the Detroit Association have challenged the Chicago Association to the first position of the Class A group, while rumor reaches us that Los Angeles has challenged San Francisco to a membership contest for the highest percentage figure by the close of the year. Seattle and Cincinnati battle for the lead of the Class B group, while both San Diego and Grand Rapids claim

(Continued on Page 36)

Expect Large Crowd For New England Credit Conference

Providence: The New England Credit Conference scheduled for the Narragansett Hotel on Wednesday, December 1st, is expected to draw a large number of credit executives from Connecticut and Eastern Massachusetts Associations as well from the Providence area. William G. Sutcliffe, Dean of the College of Business Administration, Boston University, is scheduled to deliver the keynote address. His subject is "American Business—Today and Tomorrow." Other talks will be by Roy A. Young, President of the Merchant National Bank of Boston; Roger C. Damon, Earnest I. Kilcup, Carl B. Pitman. Clare E. Amy, Manager of the Foreign Trade Division of the Royal Bank of Canada of Montreal, also is slated to speak on "The Post War Aspects of Foreign Trade."

Paul W. Miller, National President, and Henry H. Heimann are slated to speak at the evening session.

Tax Course Is Proving Popular At Minneapolis

Minneapolis: The Minneapolis Institute of Credit has inaugurated an extra feature to the regular curriculum of their year in the timely subject—"Income Tax Fundamentals." 21 students are enrolled. The Association's Toastmasters' Club with C. J. Wagner, counsel, as president, and E. J. Steen (Hudson Mfg. Co.), secretary, has begun its third year with an enrollment of 30—the limit allowed in this Club. This cooperative means of learning public speaking is most popular.

San Francisco: The San Francisco Credit Women's Club challenged the Los Angeles Credit Women on the Quiz of Two Cities Broadcast, a local program with a large following. The Credit Women of each city was supported by two Zebras in each case and there was much interest attached to this appearance on the night of October 29.

The club has been paying special attention to tax problems this year and has had great help and a most interesting evening of questions and answers with Robert Graves of the Income Tax Department.

Talks About Post War Era

St. Paul: The members of the St. Paul Association of Credit Men listened to an interesting address on the evening of November 9th by Milton P. Firestone on "Our American Way of Life in a Changing World." Mr. Firestone stressed the fact that new political controls will be established in many of the European nations and that our own political program will undergo still further changes.



President Paul W. Miller (center) and Vice President Robert Griffiths (left) and Vice President Robert Simpson at the meeting of the Administrative Committee.

Grocery Chain Is Being Liquidated By Minneapolis ACM

Minneapolis: The Adjustment Department of the Minneapolis Association of Credit Men has never been busier, due to the fact that Brace Bennett, Executive Secretary, is trustee of what is perhaps the largest case ever held in this area, namely the C. Thomas Stores, Inc., a chain of 40 odd grocery stores and warehouses representing six million sales and between five and six hundred creditors.

E. C. Vorlander, President of the Association and Chairman of the National Plumbing & Heating Allied Groups, is busy with his plans for nation wide promotion of greater development and service usages on the part of this industry via group formation throughout the country.

The November Monthly Membership Meeting of the Association had as its speaker, Governor Edw. J. Thye of the State of Minnesota. 200 members and guests were present.

The Credit Group Committee of the Association headed by Jim Baker (Armour & Co.) has programmed this year's work for the further development of present groups and the addition of other groups—believing "in time of war prepare for peace."

Reserve Banker Speaks At Kansas City

Kansas City: Dr. T. Bruce Robb, Manager of the Research and Statistics Department of the Federal Reserve Bank of Kansas City, was the speaker at the November 18th meeting of the Kansas City Association held at the Bellerive Hotel.

Natl. Administration Committee Discusses Association Affairs

(Continued from Page 33)

of our Association work. It is planned to have these demonstrations or forums held in different rooms at the same time so that those in attendance at the Convention may select the particular demonstration in which they are most interested.

The legislative activities of the Association were discussed thoroughly. Report was made as to the contact and appearances before committees in Washington of officers and members of the National Association. These various appearances and contacts have been in connection with taxation, renegotiation, termination and other lines of interest to our membership. Special committees have been formed to formulate programs on all of these matters, as well as a committee for the study of the revision of tax forms. All of these committees are meeting in the National Office from time to time.

Tells of Terminated Contracts

Philadelphia: Edward P. Smith, Attorney and Lecturer in the Production Management Division at the University of Pennsylvania, was the speaker at the November 18th luncheon of the Credit Men's Association of Eastern Pa., held at the Bellevue Stratford Hotel. Mr. Smith's subject was "Termination of Government Contracts." Mr. Smith delivers a series of lectures at the University of Pennsylvania on Government Contract Law so his talk on "Settlement of Terminated Contracts" had a special note of authority.

Drug and Allied Lines Hold Midwest Conference in Chicago

Chicago: The tenth annual midwest Drugs and Allied Credit Conference sponsored by the Drug and Allied Credit Group of the Chicago Association of Credit Men was held Friday, November 19 at the Sherman Hotel in Chicago.

G. W. Haag, Jr., Sharp & Dohme, Inc., Chairman of the Drug and Allied Lines Group of the Association, presided.

E. B. Moran, manager of the Central Division of the National Association of Credit Men spoke on "War Time and Post-War Problems."

William J. Claussen, Vice-president of Hibbard, Spencer, Bartlett & Company, Chicago, spoke on "Credits—Past, Present and Future."

Dr. D. L. Tabern, Abbott Laboratories, North Chicago, Illinois, delivered a very interesting address on the subject, "The Birth of a New Drug," tracing the development of a new drug through four important steps: (1) The original inception of the idea, (2) Through the chemical laboratory, (3) Through pharmacological study and clinical experimentation, (4)

Placing the new drug into active practice.

At the luncheon meeting, Harry Silverstone, Galler Drug Company, presided and G. H. Nippert, The Procter & Gamble Distributing Company, President of The Chicago Association of Credit Men, extended a welcome to the delegates.

The guest speaker at the luncheon was John W. McPherrin of New York, Editor of The American Druggist. This subject was "Invaded—but Not Occupied."

The afternoon session was devoted to the regular monthly meeting of the Drug and Chemical Credit Group of The Chicago Association of Credit Men. W. C. Lyman, G. D. Searle & Company, presided.

The members of the committee in charge of the Conference were M. A. Strandell, Johnson & Johnson, Chairman, E. H. Erffmeyer, Norwich Pharmacal Company, W. C. Lyman, G. D. Searle & Company and H. E. Silverstone, Galler Drug Company.

Details of the meeting were handled by James S. Cox, Group Manager of the Chicago Association of Credit Men.

Tri-State Resolutions Urge Elimination of War Time Regulations

Following is the text of resolutions adopted at the Tri-State Conference of District No. 2 including New York, New Jersey and Eastern Pennsylvania at its annual session held this year at Hotel Syracuse, Syracuse, New York, on October 12th and 13th:

WHEREAS, we as a nation are engaged in a bitter struggle to maintain our Democratic traditions and our ideals of Liberty and Justice—and

WHEREAS, the full cooperation of every citizen is necessary to achieve complete and lasting victory—

BE IT RESOLVED that we reaffirm our pledge to support the war effort, individually and collectively, to the full extent of our ability, and by the utmost participation in the War Bond program.

That the War, Navy, Treasury and other Departments of the Government, and the various contracting agencies and commissions, be urged to develop a *uniform* termination clause to provide the necessary "yardstick" essential for prompt payment to contractors and sound credit granting by suppliers and sub-contractors.

That all Government Departments, agencies and commissions be urged to complete the renegotiation of contracts *after Taxes* and within the shortest possible period of time.

That we earnestly recommend the elimination of all emergency regulations and controls as soon as is consistent with the winning of the war and the orderly transition to peacetime pursuits.

Your committee recommends that a copy of these resolutions be sent by each local association in Tri-States Conference District No. 2, with an appropriate letter, to the Senators from each state, to the Representatives in Congress of their respective districts, and to the heads of the Procurement Division of the Army, Navy, and Marine Corps and to the United States Treasury Department.

H. Parker Reader, Credit Manager of the Cannon Mills Company, New York, served as Chairman of the Resolutions Committee.

Parkersburg-Marietta Association is the oldest civic organization existing at the present time in either Marietta or Parkersburg. This fact was brought out in an address by H. A. Fordham, one of the charter members of the Association. He stated that the Association had been in existence for 35 years.

San Francisco Board Honor Jack Ferns at Bohemian Club Dinner

San Francisco: The directors and members of the Advisory Board of the Credit Managers Association of Northern and Central California, and their wives, in line with a well-established custom—that of extending a compliment to a past president—honored Mr. and Mrs. J. S. Ferns at a very delightful dinner party on Saturday evening, October 23, 1943. This party, which was preceded by cocktails, was held in the beautiful Owl Room of the Bohemian Club.

At the conclusion of the dinner, President A. I. Hermann, who acted as toastmaster, with a few well-chosen words thanked Jack for his efforts in behalf of the Association and for his many accomplishments. At the conclusion of the speechmaking, President Hermann, in behalf of the members of both Boards, presented Jack with a suitable gift.

for a more thorough prosecution of commercial frauds in the New Jersey area.

Wm. G. Betsch, of the William Iselin & Co., Inc., chairman of the Fraud Prevention Committee of the National Association of Credit Men, presided at the dinner. Members of the staff of the United States Attorney's Office at Trenton were on hand to join in the plan for a drive on any commercial crime discovered in the New Jersey territory.

Chattanooga Names Committee to Seek Par Clearance Law

Chattanooga: Paul J. Viall, of the Chattanooga Medicine Co., has been appointed chairman of a special Par Clearance Committee, the object of which is to try to secure the passage of a bill through the Tennessee Legislature next year providing for the par payment of checks in all Tennessee banks.

Corbin Woodward, chairman of the Educational Committee, reported on the activities of his committee at the last monthly dinner meeting. Alvin Zeigler, Attorney connected with the Legal Department of T.V.A., was the special speaker at the last dinner meeting.

Parkersburg Association Is Now 35 Years Old

Parkersburg: Members of the Parkersburg-Marietta Credit Association had two talks on "Insurance" at its November 18th meeting. It was announced that the

Promote Plans to Prosecute Frauds In New Jersey Area

Newark: At a get-together dinner at the Hotel Sheraton in Newark, members of the New Jersey Credit Men's Association, the Fraud Prevention Committee of the National Association of Credit Men and representatives of the United States District Attorney's Office worked out plans

Position Wanted

CREDIT MANAGER—Will consider a change from present employer for exclusive credit duties. Mature experience and twenty years in credit management with a record for two nationally known industrial companies. Address Box 12-A, Credit and Financial Management.

Chicago Announces Six Lectures on Insurance Subjects

Chicago: Beginning early in January, 1944, the course in insurance for members of The Chicago Association of Credit Men will be given under the direction of the Insurance Committee of the Association of which G. H. McClure, Lumbermen's Mutual Casualty Company, is Chairman.

The purpose of this course is two-fold. First, it is designed to help provide credit and financial executives with the necessary information to fully enable them to judge whether or not their customers are carrying the proper insurance. Second, to assist those who buy the insurance for their own companies to be better equipped through a more extensive knowledge of the various kinds and types of insurance.

National Board to Push Membership Drive in December

(Continued from Page 33)

Atlanta, with a 20% increase, hasn't a sufficient margin to be assured of the continued leadership in Class C until the end of the year. Oklahoma City, Wichita and Tacoma are in a three-cornered contest for leadership in the Class G group, while Albany, Terre Haute, Phoenix, Birmingham, Fargo and Sioux City will be fighting it out until the last day for honors in the Class E group.

In appealing for nationwide support in this program, President Paul Miller has pledged the support of the National Board of Directors and the three Divisional Vice Presidents, Messrs. Griffiths of Utica for the Eastern Division; Mr. Simpson, New Orleans for the Central Division, and Mr. Blaine of Seattle for the Western Division have accepted the responsibility and direction of the membership promotion effort within their Divisions, in coordination with immediate Past President Bruce Tritton who is Chairman of the National Membership Executive Committee.

The National office is giving every assistance possible in the way of personal aid, literature and special letters to the local Associations in the promotion of their membership effort.

Denver: The Board of Directors of the Rocky Mountain Association of Credit Men of this city has offered a series of six prizes, starting with a Hundred Dollar War Bond in a membership contest which got underway in November and which will close on December 15th. Under this contest 50 points are awarded for each full membership, 30 points for each associate membership, and a smaller number of points on a graded schedule. Part of the contest runs until the first of January and then under a new plan the contest is continued until January 1st.

NEW HEAD OF PETROLEUM DIVISION



(In photograph above, Retiring Chairman George L. Martin, Johnson Oil Refining Company, Chicago Heights, Ill., left, is presenting the gavel to Chairman Elect D. A. Grant, Socony-Vacuum Oil Company, Chicago, Ill.)

Petroleum Division Holds Annual Meet; Names Grant Chairman

St. Louis: At the N.A.C.M. Petroleum Division's 19th annual conference held at The Coronado Hotel, St. Louis, Mo., October 25-26-27, D. A. Grant Division Credit Manager, Socony-Vacuum Oil Company, Chicago, Ill., was elected chairman of the Board of Governors of the Division for the ensuing year.

Vice-Chairmen also elected are: R. C. Gordon, Shell Oil Company, St. Louis, Mo.; L. R. Johnson, Allied Oil Company, Cleveland, Ohio; William Stockton, The Atlantic Refining Company, Philadelphia, Pa.

The new Board of Governors is composed of: H. L. Blankenship, Bareco Oil Company, Tulsa, Okla.; M. V. Johnston, Gulf Oil Corporation, Pittsburgh, Pa.; H. M. McDonald, Cities Service Oil Company, Kansas City, Mo.; George L. Martin, Johnson Oil Refining Company, Chicago Heights, Ill.; W. C. Samuels, The Texas Company, Houston, Texas, Louis Smith, Jr., Standard Oil Company of New Jersey, Baltimore, Md.; F. F. Struthers, Mid-Continent Petroleum Corporation, Waterloo, Iowa; W. W. Witmer, American Mineral Spirits Company, New York, N. Y.

R. A. Colliton, National Association of

Credit Men, St. Louis, Mo., was re-elected Secretary-Treasurer.

The three-day meeting measured up to the usual high standards of the annual sessions of this Group. The sessions were well attended, with serious attention given especially to the problems of the post-war period. In addition to a number of topics discussed in Open Forum Sessions, there were feature addresses on "Retail Credit—Today and Tomorrow," "Federal Taxes—The Next Phase," and "The Past, The Present, and The Future of O.P.A."

The Group unanimously selected Chicago as the place of the 20th Annual Conference during the week of October 22, 1944.

Boston ACM Making Plans for Yule Party

Boston: Members of the Boston Association of Credit Men are making plans for the annual ladies' night and Christmas party which will be held on December 14th. The program will consist of the dinner and some outstanding entertainment followed by dancing. Laurence S. Day, general chairman of the annual party, and his committee are making plans for assuring an outstanding success for this annual event. The cost of the tickets are \$3.30 each. However, members who wish to bring as guests members of the Armed Services may purchase extra tickets at \$2.50 each by making reservations in advance.

Alexander Wall Retires as Secretary of Robert Morris Associates

Philadelphia: After many years of activity in the bank credit field, Alexander Wall retired as secretary and treasurer of the Robert Morris Associates at their annual Fall Conference in Buffalo recently.

"Alec" Wall, as he is affectionately known by his host of friends in the banking world, has been the only Secretary and Treasurer of the organization since it was formed in 1914. One of its organizers, he gave up a promising banking career in 1919 for an ideal and became the full time Secretary and Treasurer of the Associates.

The Robert Morris Associates is a national association of commercial banks and bankers, which are represented by loaning officers and heads of credit departments. Its object is to protect trade and commerce by improving the methods, ethics, and practices in collecting, analyzing, and disseminating credit data among its members and in co-operation with other trade or professional organizations. Its headquarters are in Philadelphia.

During his time with the Associates Mr. Wall has written the following:

The Banker's Credit Manual—Bobbs-Merrill Co., Indianapolis, Ind., 1919.

The Banker's Credit Manual, Revised—Bobbs-Merrill Co., 1924.

Analytical Credits—Bobbs-Merrill Co., 1921.

Ratio Method of Statement Analysis, co-author with R. W. Duning, Harper & Bros., 1928.

How to Evaluate Financial Statements—Harper & Bros., 1936.

Basic Financial Statement Analysis—Harper & Bros., 1942.

He is a former national chairman of the Educational Committee and a special lecturer in the American Institute of Banking; also a special lecturer of the Wharton School of Finance and Commerce of University of Pennsylvania; faculty member and lecturer at the Graduate School of Banking at Rutgers University.

Omaha Prepares to Receive War Congress

(Continued from Page 33)

selected as the keynotes of the Credit Congress which is to be one of the hard working meetings of our war period.

Credit Women's Club Is Organized in Omaha; Fifteen Are Enrolled

Omaha: Miss Henrietta Wilson, associated with the Western Paper Company, Chairman of the Ladies' Committee of the Omaha Association of Credit Men, called a meeting in the offices of the Association on Tuesday, November 16. Fifteen of our credit women were in attendance and plans were presented by Miss Wilson and a

special committee for the organization of a Credit Women's Club in Omaha. The plans were enthusiastically approved and adopted and the following officers were elected to head this new club:

President, Miss Henrietta Lamb, Martin Bros. & Co.

Vice-President, Miss Rose O'Neill, Geo. H. Lee Co.

Secretary-Treasurer, Mrs. Vera Meyer, Dultmeir Sales Co.

The first business meeting of the Credit Women's Club will be held on Thursday evening, December 2.

Speaks on Savings

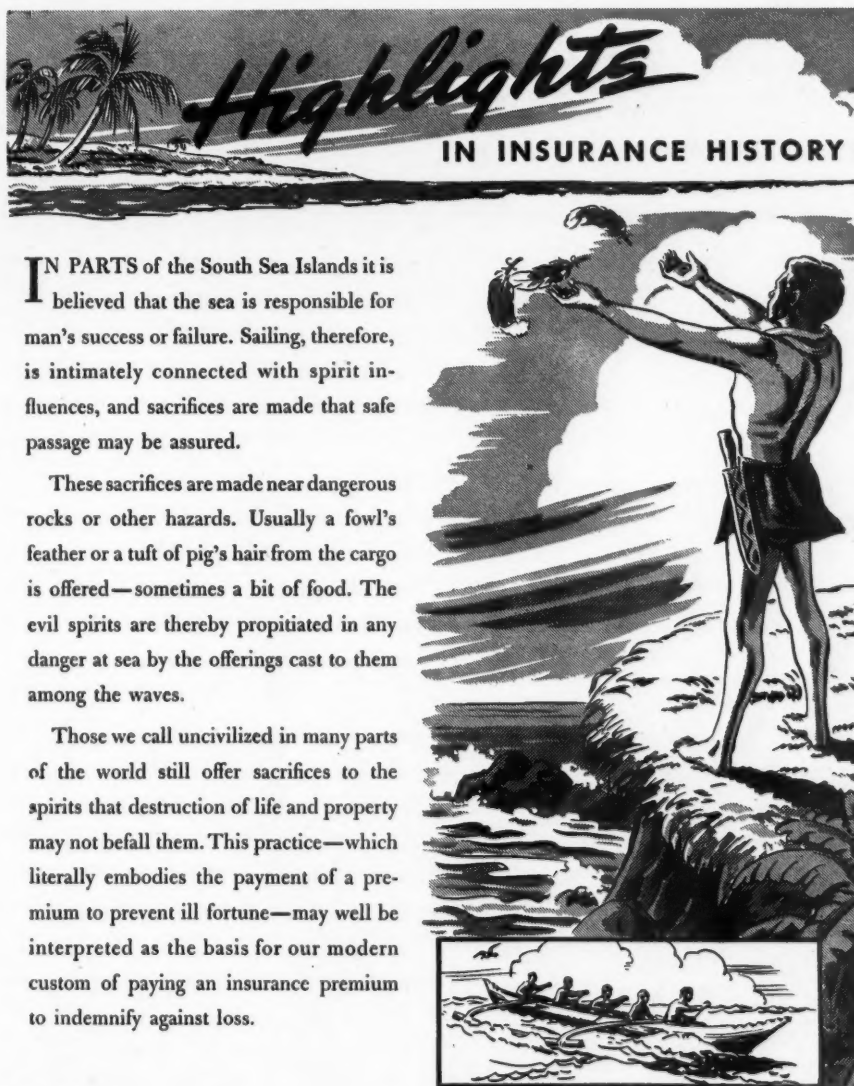
Dayton: Richard H. Smith, Executive Secretary of the Insured Savings and Loan League, was the speaker at the October 28th dinner meeting of the Dayton Association. His subject was "It's Your Income that Determines the Outcome."

E. A. Boelter Dies Was Fargo Secretary

Fargo: The entire membership of the Fargo-Moorhead Association of Credit Men attended the funeral services for E. A. Boelter, Secretary of the Association, who died on November 3rd. He had served as Secretary of the local Association for some time and had been recognized as a constructive leader in credit affairs in this portion of the Northwest.

Cleveland Plans Yule Party

Cleveland: December 15th is the date set for the annual Christmas Party of the Cleveland Association of Credit Men which will be held this year at Hotel Cleveland. Committee Chairman Bloomfield announces that this year's party will be up to the usual high standard.



Highlights
IN INSURANCE HISTORY

IN PARTS of the South Sea Islands it is believed that the sea is responsible for man's success or failure. Sailing, therefore, is intimately connected with spirit influences, and sacrifices are made that safe passage may be assured.

These sacrifices are made near dangerous rocks or other hazards. Usually a fowl's feather or a tuft of pig's hair from the cargo is offered—sometimes a bit of food. The evil spirits are thereby propitiated in any danger at sea by the offerings cast to them among the waves.

Those we call uncivilized in many parts of the world still offer sacrifices to the spirits that destruction of life and property may not befall them. This practice—which literally embodies the payment of a premium to prevent ill fortune—may well be interpreted as the basis for our modern custom of paying an insurance premium to indemnify against loss.

National Union
and Birmingham
FIRE INSURANCE COMPANIES
PITTSBURGH · PENNSYLVANIA





El Paso: This picture shows Helen Orme-Johnson with one of her rifles and some of her medals.

Miss Orme-Johnson is an accomplished rifle woman as well as being actively engaged in credit work as a member of the firm of the El Paso Machine Works of El Paso, Texas, President of the Credit Women's Club, a director of the Tri-State Association of Credit Men, and on the National Committee for Credit Women's Clubs.

The medals shown are some she has won in National, International, State and Local competition. She has taken part in the National Matches at Camp Perry, Ohio, on six occasions and was a member of the Texas Civilian Team which won the Port Clinton Trophy in 1938. She has the distinction of being the only woman who has ever fired on a Herrick Team in the Herrick Trophy Match shot at 1000 yards, held each year in peace time at Camp Perry, Ohio.

While she shoots pistol, smallbore and army rifles at ranges from 200 to 1000 yards, her best work is done in 1000-yard matches. She won the Steve's trophy at San Antonio, Texas, in 1937 for high score at 1000 yards.

Miss Orme-Johnson also holds the rank of Second Lieutenant in the El Paso Chapter of the American Red Cross Motor Corps.

Minneapolis: The November meeting of the Minneapolis Wholesale Credit Women's Club was held at the Y.M.C.A. on Thursday evening, November 11. The program featured a round table discussion of significant features in today's financial statements. The members joined enthusiastically in the discussion and many instructive and interesting features were introduced. The

success of this program merits a repeat performance of this type of work. The discussion was in charge of Miss Florence Armstrong, Chairman of the Program Committee.

New York: The New York Credit Women's Group held its Annual Meeting on November 4th at the Hotel Woodward. Fifty-one members were present.

The guest speaker, Mr. A. M. Sullivan, advertising Manager of Dun & Bradstreet gave a most inspiring address. His topic was "Broader Concept of Credit Responsibility for Post War." He is well known to the Credit Fraternity and his recent article in "Printer's Ink" has received wide spread publicity. Among other things, he said, "that the credit executive should be at the planning table in post war as he analyzes markets and deals with human nature." He stated that "credit is the outgrowth of free enterprise—that the man at the credit controls has much to do with the progress of this War."

Instead of the usual Christmas Party, the members of the New York Group have agreed to donate the money collected to buy Christmas Packages for sailors overseas. These packages have already been dispatched.

Philadelphia: Three members of the Philadelphia Credit Women's Club presented a program at the November 11th meeting. The general subject related to "How the War Had Affected Business." The speakers were Harriet I. Russell, Sandura Company, Inc., Mary R. Lawler, A. M. Waldron Co., Margaret Llewellyn, of H. J. Llewellyn Co.

Pittsburgh: Dr. A. B. Wright, Dean of the School of Business Administration,

Duquesne University, was the speaker at the November 22nd dinner meeting of the Pittsburgh Credit Women's Club. His subject was "Post-War Employment Problems." Dr. Wright has been active in credit educational circles and has helped the local Institute of Credit in outlining its courses.

Rochester: The first dinner meeting of the Rochester Credit Women's Group was held Tuesday evening, October 26, at the Hotel Seneca. Miss Adelia Hallock who has served at a Missionary School in Central China for 19 years, and who returned on the "Gripsholm" in 1942, spoke on "China, Today and Tomorrow." Vice-Chairman Marion Fallon, who attended the Tri-State Conference in Syracuse gave a short report on the part played by the Women's Group at the Convention and also commented generally upon the Conference.

Pan-American Trade To Be Subject of New York Forum

New York: Harry J. Delaney, chairman of the Forum-Public Meetings Committee of the New York Credit Men's Association, announced the next forum will be held on December 9th at the Engineering Auditorium. John B. Glenn, President of the Pan-American Trust Company, New York, will be the speaker, his subject being "The New Significance of Latin America."

Mr. Glenn is one of the best informed individuals in the United States on Latin America and in his talk he is expected to cover the credit and financial aspects of Latin American trade. The meeting is presented in collaboration with the Robert Morris Associates.

The meeting is to start promptly at 5:45 and close at 7:45. This plan has proven quite attractive to New York credit men who find that they can have an early dinner, attend the forum meeting and still have a full evening ahead of them for whatever purpose they might desire.

Dayton to Discuss Terminated Contracts

Dayton: E. B. Moran was the speaker at the November 23rd meeting of the Dayton Association of Credit Men held at the Van Cleve Hotel. Mr. Moran's subject was "The Credit Manager's Responsibility in the Post War Era." The December meeting will be devoted to a discussion of "Settlement of Terminated War Contracts," and J. T. O'Neill, of the West Publishing Company, St. Paul, who wrote an article recently in "Credit and Financial Management" under the title "Wanted—Credit Man Who Can Sell" has been slated for a speaker at the January meeting. His subject will be "The Credit Man as a Salesman."

Chicago A. C. M. Has 122 Enrolled in Course In Credits, Collections

Chicago: One hundred and twenty-two enrolled in the annual course in credits and collections under the direction of the Educational Committee of The Chicago Association of Credit Men. The speakers were well-known credit executives of the Association.

The course closed with a complimentary dinner to the students by the Board of Directors of the Association. Four half-scholarships were awarded to the four men and the four women standing highest in the final examination. These half-scholarships applied on tuition fees and registrations in the annual course in credits and collections in the Central YMCA College with which the Chicago Association of Credit Men has co-operated for several years. The Central YMCA College course is conducted by Arthur L. Stang, Credit Manager of the Cracker Jack Company and an active member of the Association.

In addition to the four half-scholarships given to the four women standing highest, the Credit Women's Club of Chicago added four half-scholarships, making a full scholarship for each of the four women. The club also provided payment for the four women of the books to be used in the course.

Two years ago the enrollment in this class was 65 and a year ago the total was 106. The course is proving more popular each year.

Rock River Valley Credit Men Form Chapter Under Chicago

Rockford: Allen W. Selby, Credit Manager of the Chicago Daily News, Inc., spoke before a luncheon meeting of the newly organized Rock River Valley Division of The Chicago Association of Credit Men at the Hotel Faust in Rockford, Wednesday noon, November 10. His subject was, "Credits in the Post-War Period."

At a dinner meeting of the Division to be held Wednesday evening, December 8 at the Hotel Faust, George C. Payne of Chicago, Regional Manager of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, will speak on the importance of foreign trade at present and during the post-war period.

The Executive Committee of the Division consists of the following:

A. M. Patterson, Chairman, The Quaker Oats Company, Ken-L-Prod. Div.

J. E. Forsell, Vice-Chairman, Barber-Colman Company

R. A. Anderson, Rockford Industries, Inc.

R. F. Applequist, The Third National Bank of Rockford

Eric A. Johnson, Crane Company

E. P. McNamara, Greenlee Bros. & Co.

The Rock River Valley membership of the Association now numbers 19 in Rockford, Sterling and Freeport, Illinois, and Beloit, Wisconsin.

Business Thermometer

Wholesalers' Sales, Inventories, and Credits

September 1943



Reports from 2,674 wholesalers representing most kinds of business throughout the country showed sales for September 1943 virtually unchanged from those of September, 1942, according to an announcement released today by J. C. Capt, Director of the Census. For the first 9 months of this year, dollar volume was 5 per cent over that of the corresponding period of 1942, and for this September over the preceding month sales gained slightly (2%).

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census. Detailed figures are presented in the following tables in summary for the United States and, insofar as the data permit without disclosing individual operations, by geographic divisions.

For September 1943 over September 1942, of the 35 trades shown separately in this survey, 21 recorded sales gains, from a slight (2%) increase for dry goods wholesalers to an outstanding rise (55%) for wholesalers of farm supplies. Wholesalers of coal showed an increase of 34 per cent; paper and its products 33 per cent; surgical, medical, and hospital equipment and supplies, 30 per cent; and fresh fruits and vegetables, 28 per cent. A 22 per cent gain was reported by wholesalers of specialty lines of groceries and foods; 20 per cent by wholesalers of automotive supplies; 18 per cent, beer, 13 per cent, metals; and 10 per cent each, tobacco and its products and full-line wholesalers of groceries and foods. Sales were virtually unchanged from last September's volume for dealers in wholesale industrial chemicals, were down slightly (2%) for wholesalers of wines and liquors, and were off 7 per cent each for furniture and house furnishings, meat and meat products, and lumber and building materials. Wholesalers of the three types of hardware (general hardware, industrial supplies, and plumbing supplies) reported sales

decreases of 6 to 18 per cent.

Inventories, in terms of dollars, based on cost values, at the close of September 1943 were 11 per cent lower than those of September 30, 1942, the fourteenth consecutive month that inventories have been smaller, on a year-to-year comparison. Virtually no change in inventories was indicated at the end of this September compared with stocks held at the close of the preceding month.

The stock-sales ratio for wholesalers at the end of this September was 109 as against 122 for the last September and 112 for August 1943. Wholesalers of clothing and furnishings, except shoes, with sales up 4 per cent and inventories down 43 per cent, showed a stock-sales ratio of 61 this September as against 140 last September. With sales up 11 per cent and inventories 16 per cent, wholesalers of drugs and sundries revealed a stock-sales ratio of 153 for September 1943 and 148 for September 1942. Wholesalers of jewelry noted a 16 per cent decrease in sales and a 5 per cent decrease in inventories, with a stock-sales ratio of 176 for September 1943 and 155 for last September. Paints and varnishes, with 8 per cent more dollar volume and 16 per cent less inventory, had a September 1943 stock-sales ratio of 259 and a September 1942 ratio of 329. Of the 34 trades for which stock-sales ratios are shown, 9 showed increases, September 1943 compared with September 1942.

Collections on accounts receivable were 22 per cent higher for this September than for September 1942, but approximately the same in September as in August this year. The collection percentage for September 1943 was 110; for September 1942, 90; and for August 1943, 111. Accounts receivable were 17 per cent less on September 1, 1943, than on September 1, 1942; but at the beginning of this September compared with August 1, 1943, a slight (2%) gain was noted.

Wholesalers' Sales and Inventories—September 1943

Kind of Business	Sales—Current Month				Sales—Year-to-Date		Inventory—End-of-Month (At Cost)				Stock-Sales Ratios ^a		
	Number of firms reporting sales	Percent Change		Sept. 1943 (Add 000)	Percent change from 9 Mos. 1942	Nine Months 1943 (Add 000)	Number of firms reporting stocks	Percent Change		Sept. 30, 1943 (Add 000)	Sept. 1943	Sept. 1942	Aug. 1943
		Sept. 1943 vs. Sept. 1942	Sept. 1943 vs. August 1943					Sept. 1943 vs. Sept. 1942	Sept. 1943 vs. August 1943				
United States.....	2,674	b	+ 2	\$303,597	+ 5	\$3,219,904	1,695	-11	b	\$206,876	109	122	112
Automotive Supplies.....	165	+20	+ 2	4,075	+ 9	46,020	92	-15	- 2	3,202	140	200	151
Chemicals (industrial).....	19	- 1	- 2	1,343	+ 7	19,787	15	- 2	- 4	1,143	103	106	102
Paints and Varnishes.....	58	+ 8	- 1	3,489	+ 1	35,052	45	-16	+ 1	8,571	259	329	253
Clothing and Furnishings, except Shoes.....	42	+ 4	+11	4,884	+13	35,525	22	-43	-19	707	61	140	74
Shoes and Other Footwear.....	28	- 6	+12	13,199	- 1	146,559	17	-30	-12	2,363	64	84	67
Coal.....	7	+34	+ 3	1,395	+39	12,407	c	c	c	c	c	c	c
Drugs and Sundries (liquor excluded).....	135	+11	+ 9	27,318	+16	234,908	105	+16	+ 1	33,580	153	148	167
Dry Goods.....	92	+ 2	- 3	19,015	+20	177,814	47	-28	+ 1	14,811	118	171	116
Electrical Goods.....	303	-25	+ 2	22,171	-25	234,604	261	-36	- 2	12,242	60	71	62
Dairy and Poultry Products.....	37	+ 5	- 6	3,789	+23	31,682	19	-11	b	839	43	53	44
Fresh Fruits and Vegetables.....	83	+28	+ 3	4,707	+34	52,808	56	- 7	+ 7	518	16	22	15
Farm Supplies.....	12	+55	+29	848	+33	11,396	6	+29	+ 2	275	129	141	171
Furniture and House Furnishings.....	60	- 7	- 8	4,889	- 7	66,101	33	-54	- 7	2,352	88	169	90
Groceries and Foods, except Farm Products.....	604	+10	+ 6	66,793	+13	641,101	368	- 6	b	41,321	106	125	112
Full-line Wholesalers d.....	303	+10	+ 7	26,966	+15	255,538	179	- 9	b	17,352	110	133	118
Voluntary-group Wholesalers.....	143	+ 4	+ 3	22,572	+ 8	218,343	98	- 7	+ 1	15,472	134	153	135
Retailer-cooperative Warehouses.....	19	+ 9	+11	5,062	+ 7	40,922	13	- 8	+ 1	2,943	96	110	104
Specialty Lines.....	139	+22	+ 6	12,193	+22	126,298	78	-13	- 2	5,554	65	72	71
Confectionery.....	40	+ 4	+10	778	+39	10,280	24	-14	+11	284	53	63	55
Meats and Meat Products.....	81	- 7	- 1	31,037	b	309,471	49	-10	+ 1	5,400	47	43	42
Beer.....	60	+18	b	1,762	+24	17,969	43	-32	+15	287	20	36	18
Wines and Liquors.....	27	- 2	- 6	7,032	+36	80,387	22	-23	+ 2	7,456	112	143	104
Liquor Department of Other Trades e.....	36	- 1	+36	7,367	+15	62,273	34	+ 9	+ 8	10,055	136	125	173
Total Hardware Group.....	316	- 9	- 3	36,913	- 7	412,049	191	-19	- 3	36,172	153	170	151
General Hardware.....	138	- 6	- 4	23,832	- 8	242,562	87	-23	- 4	26,350	160	193	160
Industrial Supplies.....	102	-12	- 5	8,723	+ 1	117,998	65	- 8	b	7,969	143	128	134
Plumbing and Heating Supplies.....	76	-18	+ 6	4,358	-17	51,489	39	- 9	- 2	1,853	116	107	122
Jewelry.....	35	-16	+ 4	2,289	+10	20,816	20	- 5	- 7	2,258	176	155	195
Optical Goods.....	16	+18	- 1	342	+19	3,090	7	- 1	- 3	109	89	104	88
Lumber and Building Materials.....	52	- 7	- 1	4,282	- 8	43,914	35	- 6	+ 1	2,738	84	81	82
Machinery, Equipment and Supplies, except Electrical.....	55	- 5	- 7	2,520	- 4	32,419	39	-19	- 2	2,447	120	157	120
Surgical, Medical and Hospital Equip., and Supplies.....	20	+30	- 9	1,010	+24	12,064	11	+22	+ 5	784	100	111	106
Metals.....	27	+13	+ 3	3,836	+11	51,754	14	-56	b	4,068	141	103	145
Paper and Its Products.....	86	+33	+ 1	6,420	+ 5	64,973	40	-15	- 4	3,091	102	166	103
Petroleum.....	8	-11	+ 5	620	+ 4	174,407	5	- 6	- 1	316	56	68	61
Tobacco and Its Products.....	132	+10	+ 1	16,598	+14	152,313	51	+43	+ 5	6,506	75	60	72
Leather and Shoe Findings.....	18	+20	- 4	392	+14	4,146	9	-28	b	241	143	232	150
Miscellaneous.....	20	+11	- 7	2,484	+ 6	21,905	15	- 8	- 2	2,740	156	175	151

^a These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms. ^b Less than 0.5 percent.
^c Insufficient data to show separately. ^d Not affiliated with voluntary or cooperative groups. ^e Chiefly of the wholesale drug trade.

Wholesalers' Accounts Receivable and Collections—September 1943

Kind of Business	Collection Percentages				Accounts Receivable		
	Number of firms reporting	September 1943	September 1942	August 1943	Percent change		As of September 1, 1943 (Add 000)
					Sept. 1943 vs. Sept. 1942	Sept. 1943 vs. August 1943	
United States.....	2,222	110	90	111	-17	+ 2	\$224,185
Automotive Supplies.....	144	92	85	92	+13	+ 7	\$3,329
Chemicals (industrial).....	16	90	91	88	+ 3	- 6	1,297
Paints and Varnishes.....	57	80	65	81	-20	- 2	4,289
Clothing and Furnishings, except Shoes.....	39	90	67	83	- 5	+16	5,060
Shoes and Other Footwear.....	25	70	55	69	-24	+ 8	4,316
Coal.....	7	94	83	92	+22	+ 4	1,475
Drugs and Sundries (liquor excluded).....	124	103	85	102	- 5	+ 2	21,528
Dry Goods.....	83	72	51	75	-19	+ 4	23,399
Electrical Goods.....	276	76	70	77	-31	- 2	26,863
Dairy and Poultry Products.....	24	170	148	171	- 3	-13	1,818
Fresh Fruits and Vegetables.....	67	168	158	164	+20	- 7	1,904
Farm Supplies.....	7	158	115	123	- 4	+ 1	356
Furniture and House Furnishings.....	49	84	60	84	-28	- 3	5,385
Groceries and Foods, except Farm Products.....	456	151	121	149	-11	+ 2	33,972
Full-line Wholesalers b.....	214	147	115	140	-15	- 2	13,366
Voluntary-group Wholesalers.....	116	161	130	159	-14	- 2	11,100
Retailer-cooperative Warehouses.....	16	245	206	235	-10	+ 4	1,698
Specialty Lines.....	110	122	101	131	+ 3	+11	7,808
Confectionery.....	23	131	98	120	-20	+ 3	396
Meats and Meat Products.....	74	202	170	209	-21	+ 3	14,539
Beer.....	24	168	124	163	-15	-14	322
Wines and Liquors.....	21	147	104	182	-25	+11	3,381
Liquor Department of Other Trades d.....	33	194	85	183	+85	c	3,147
Total Hardware Group.....	291	90	78	91	-22	c	37,031
General Hardware.....	128	94	75	95	-25	+ 1	23,223
Industrial Supplies.....	90	86	86	87	- 5	- 3	8,999
Plumbing and Heating Supplies.....	73	78	75	80	-31	- 3	4,809
Jewelry.....	26	59	39	61	-26	c	2,209
Optical Goods.....	13	111	89	100	- 6	- 2	241
Lumber and Building Materials.....	49	94	94	103	- 6	+ 2	4,362
Machinery, Equipment and Supplies, except Electrical.....	47	92	85	96	- 8	+ 3	2,387
Surgical, Medical and Hospital Equipment and Supplies.....	19	89	53	59	+27	- 7	1,643
Metals.....	25	115	118	116	+15	+ 3	3,107
Paper and Its Products.....	74	84	75	85	+20	+ 9	6,435
Petroleum.....	6	160	128	146	-38	c	317
Tobacco and Its Products.....	90	178	149	185	-12	+ 2	7,013
Leather and Shoe Findings.....	17	91	66	91	-14	+ 4	414
Miscellaneous.....	16	86	81	85	+10	+ 5	2,322

^a Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.
^b Not affiliated with voluntary or cooperative groups. ^c Less than 0.5 percent. ^d Chiefly of the wholesale drug trade.